Daily Report

Latin America

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Inter-American Affairs: Ministers Debate Free Trade Issues

PY1403195996 Sao Paulo GAZETA MERCANTIL in Portuguese 13 Mar 96 p A5

[Report by Isabel Versiani]

[FBIS Translated Text] On 20 and 21 March, the foreign trade ministers of the Americas (North, Central, and South America) will meet in Cartagena de Indias, Colombia, for a new round of talks toward the creation of the Free Trade Area of the Americas (FTAA). During the meeting, the seven work groups dealing with various topics concerning the free trade area will submit their reports. The ministers will sign a statement on the negotiations.

Jose Botafogo, under secretary general for Integration, Economic, and Commercial Affairs, on 12 March said the agenda will inevitably include the controversy over which countries will be allowed to join the FTAA. While Mercosur [Common Market of the South] contends that integration should be made by consolidating the existing subregional groups — NAFTA and Mercosur — the United States advocates accelerated liberalization for individual countries.

"The United States contends that all countries should join NAFTA," Botafogo said. He added that Mercosur believes this solution will not preserve the advantages for the various countries which have very different socioeconomic situations. Subregional blocs, he said, can give more bargaining power to weaker countries.

Botafogo explained that the seven work groups have been gathering data from 34 countries in the following fields: Technical barriers, subsidies, antidumping measures, smaller economies, customs regulations, access to markets, sanitary regulations, and investment. The objective of the work, Botafogo said, is to detect differences and similarities in the way countries deal with those topics, and thus lay the groundwork for consolidating negotiations in 2005.

Before the ministerial meeting, Brazilian diplomats will meet on 18 and 19 March to draw up the ministerial statement which will be signed on 21 March and which will describe the main progress within the negotiations. At the same time, a forum of entrepreneurs of the continent will meet to debate the possibilities of investment in the region. "Entrepreneurs will be the builders of the integration we are planning," Botafogo said. The event is being coordinated by Industry Minister Dorothea Werneck. He said the next ministerial meeting will be held in April 1997, possibly in Belo Horizonte.

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Cuba

Cuba: Havana Mural Shows Cartoon of Helms-Burton Law

PA1503001396 Havana Radio Havana Cuba in Spanish 0000 GMT 14 Mar 96

[Report by Marianela Samper from the "Evening Information Review" newscast]

[FBIS Translated Excerpt] A mural painted on the Cuban Foreign Trade Ministry building's front wall, right in the center of Havana, and unveiled on Tuesday afternoon, constitutes a truly quick reaction to the signing of the Helms-Burton law.

From now on, the busy corner of 23d and Infanta Streets will show large panels giving the citizens of Cuba and the world who happen to cross this corner, an interpretation of each chapter of this law through cartoons painted by Cuban humorist Tomas Rodriguez. [passage omitted]

Cuba: Allende Discusses Relations With U.S.

AU1503113796 Bratislava PRAVDA in Slovak 13 Mar 96 p 7

[Interview with Cuban Deputy Foreign Minister Isabel Allende by Jan Skoda; place and date not given: "Hostages of the Presidential Campaign"]

[FBIS Translated Text] [Skoda] The world public mostly rejects the U.S. trade embargo against Cuba, but, on the other hand, it considers the recent shooting down of two civilian aircraft to be regrettable and rather unwise. Do you not think, to say the least, that your colleagues in defense command, in issuing the order to shoot down the aircraft, forgot to bear in mind that an election campaign is underway in the United States?

[Allende] There are times when one cannot think about what is going on in another country. The election campaign is the United States' internal affair. The problem is rather that the United States considers us from the point of view of its domestic policy. Unfortunately, in this manner, the U.S. Administration has made us hostages of the presidential election campaign. During the past 20 months, Cuba has registered 25 violations of its air space. Cuba protested to the U.S. authorities following each of these events. At the same time, the United States has acknowledged that the law was breached, but has not taken any countermeasures to make sure that such incidents are not repeated. Therefore, Cuba has issued several warnings recently that we will not tolerate any more violations of our air space. It is necessary to understand that each country has its own priorities and ours are national security and sovereignty, which must be our right and our responsibility, regardless of the measures that may be adopted. We cannot tolerate doubts being cast on our security again.

[Skoda] Can you imagine how the Americans would react if, like the aircraft from the Brothers to the Rescue organization over Havana's beaches, opponents of the Washington administration had dropped leaflets over the beaches of California...?

[Allende] I would like to point out that the first reaction of the United States was an acknowledgment that we shot down the two aircraft in our territorial waters along with a request to enter our waters and help to search for the pilots of the aircraft...

[Skoda] But, this also took place...

[Allende] Of course; but, then all of a sudden the United States altered its position and said that the aircraft were shot down over international waters. Why did they alter it? Who coerced them to do so? I think that it was the extreme right, which does not like the normalization of relations with Cuba or the possibility of commencing talks, as we did in the matter of resolving migration issues. These talks have confirmed that it is possible to come to a mutually advantageous agreement. However, we cannot put up with any more. Our public opinion is also demanding that effective measures be adopted. We are very upset that such an incident has taken place. And, it also vexes us that the United States has only now adopted the measures that it should have taken earlier.

[Skoda] Many people are asking if the Cuban Government is afraid of leaflets.

[Allende] It is not afraid of any leaflet. We cannot, however, let our sovereignty be violated. We did not shoot down the aircraft because they were dropping leaflets, but because they were breaching our sovereignty. We are afraid of neither leaflets nor a confrontation of views.

[Skoda] Almost all of the countries that somehow maintain trade links with Cuba — the countries of South America, the European Union, Canada, and Mexico — have criticized the Helms-Burton law adopted by the U.S. Congress. This law is in fact intended to force investors from third countries to break off contacts with their partners in Cuba. How do you mean to combat this?

[Allende] We cannot resolve this issue automatically. We know that the law has met with condemnation throughout the world. We have opened our economy to the world and we will carry on in this respect, regardless of the law, and with measures that will be useful for us. Foreign investors are coming to Cuba, because they see good prospects and conditions for making profits. The

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law will, logically, hold back some investors; maybe, a difficult period lies in store for us. From the long term point of view, however, the law will come up against strong resistance, because it contains elements of such extensive outside interference in the independence of third countries that it will become unacceptable also to the major foreign companies.

[Skoda] Until 24 February, it had seemed that trust was returning to Cuban-U.S. relations and that there were opportunities for their gradual normalization. What kind of opportunities does Cuban diplomacy have now to improve the dismal outlook for relations with Washington?

[Allende] The only way Cuban diplomacy can influence this process is to demonstrate that it is right. Cuban diplomacy has to show that Cuba has made real changes. As far as the normalization of relations with the United States is concerned, this is the wish of our diplomacy. In 1994, we proposed consultations on all of the unresolved issues, especially the blockade. The United States, however, only accepted talks on migration issues. We talked and reached an agreement that is being observed; so, this type of problem has been resolved. It would have been resolved sooner if it had not been abused for so long by right-wing emigres in the United States as a means of putting pressure on Cuba. The agreement on migration has confirmed that it is possible to conclude agreements with Cuba on the basis of equality and mutual respect.

Cuba: Nuclear Plant Building Continues Despite U.S. Law

PA1403190296 Paris AFP in Spanish 2053 GMT 12 Mar 96

[By Michael Langan]

[FBIS Translated Text] Havana, 12 Mar (AFP) — Cuba said today that it will not halt construction of the Juragua Nuclear Power Plant despite the threat of U.S. sanctions. The plant is the first of its kind built with Russian technology in the Americas.

"They want to suffocate the Cuban people with this law," said Jorge Petinaud, spokesman for the Cuban nuclear energy information center, in reference to the Helms-Burton legislation, which U.S. President Bill Clinton signed into law on 12 March. "It is colonialist, a U.S. law that they want to apply to the whole world," Petinaud added. "The works at Juragua are important for our economy and will continue," he said.

The Helms-Burton law will reinforce an embargo that has been in effect against Cuba for the past 34 years and cut U.S. aid to countries participating in the construction of this nuclear plant, located in Cienfuegos Province 250 km from Havana.

Fidel Castro's government began constructing the Juragua plant in an effort to reduce Cuba's dependence on plants operating on petroleum and to save foreign currency. Construction of the plant, which will have two reactors, was suspended in 1992 due to lack of funds following the collapse of the socialist bloc.

Russia will suffer directly the consequences of the application of the nuclear provisions in this law: Russia last month announced plans to establish a consortium to help Cuba complete the works, for which $750 million are reportedly needed in addition to the more than $1 billion that has already been spent.

"Russia has already said publicly that it will continue with the work" despite this, Petinaud assured. He said that Russian Energy Ministry officials made this announcement and that Russian President Boris Yeltsin himself voiced his support for the plant. Petinaud noted that they are looking for other partners for the consortium, adding that some European and Latin American companies — which he refused to identify — have expressed interest.

Bill Clinton said in April 1993 that the United States does not want Cuba to complete this plant for security reasons and pointed out that Havana has not signed the Nuclear Nonproliferation Treaty. The law signed today lists Washington's main concerns about this plant: Doubts that Cuba can operate and maintain it under proper security measures, the fact that some components exposed to salt air are damaged, and the fact that the plant is on a seismic fault. "Summer winds could spread radioactive fallout from a nuclear accident throughout Florida and to parts of the shoreline of the Gulf of Mexico and even to Texas, and northern winds could carry those materials to the northeast...even to Washington, D.C.," Bill Clinton added, citing a National Oceanic and Atmospheric Administration study.

Petinaud rejected these claims, saying that "if (in the United States) there were true humanitarian, scientific, or technical concerns, it would be better if their companies and experts invested in these works to ensure their security." Of course, the current U.S. embargo makes this impossible. "Most affected by this are U.S. companies, which are losing ground to European competitors," Petinaud added.

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Haiti

Haiti: Further on Preval's Visit to Dominican Republic

PA1403042196 Port-au-Prince Signal FM Radio in Creole 1230 GMT 13 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] Today's hot news item is the visit of the Haitian head of state, President Rene Preval, to the Dominican Republic. Yesterday President Preval met with Dominican President Joaquin Balaguer at the Dominican presidential palace. For approximately two hours the two men discussed the general direction relations will take between the two countries. After the meeting, the president talked to several members of the country's private sector. The following is a report by our special envoy Fares Duverne.

[Begin recording] [Duverne, in French] Haitian President Rene Preval met this morning at the Dominican National Palace with his counterpart Joaquin Balaguer. They talked for nearly two hours about the general orientation of Haitian-Dominican relations, notably about the regularization of the migratory policy and the commercial exchanges between the two countries. At the conclusion of this meeting, Preval was invited to dine with Dominican and Haitian entrepreneurs at the Bastelo Hotel in Santo Domingo. In his speech at this occasion, Preval stated that Haiti is ready for the actions and the industrial associations, the inter-border commercial exchanges as well as the financial [word indistinct] beyond the border.

[Preval, in French in progress] ...in order to realize this goal, I am ready with the help of the government and the Parliament of the Republic of Haiti to work toward setting up the measures that will favor and maintain between our two countries a [word indistinct] relation.

[Duverne] Furthermore, Preval thanked the entrepreneurs of the two countries for having made this rapprochement possible. At the end of the lunch, the National Council of Dominican Public Enterprises offered a gift to President Preval as a token of affection and brotherliness with Haiti.

Apart from this dinner, the president of the National Council of Dominican Enterprises, Jose Manuel Pareza, said at the microphone of Signal FM that President Preval's visit to the Dominican Republic marks the embracement of a good tradition in the history of the relations between the two countries.

The Haitian private sector has reiterated its support to the Preval-Smarth government. Let us recall that this morning Preval was received ceremoniously at about 1100 at the Las Americas International Airport by President Balaguer and high officials of the Dominican Government. [end recording]

Thank you very much. Today, President Preval's work agenda is full. This very morning at 0800, the Haitian head of state will have breakfast with the officials of the local Catholic Church, lay flowers before the altar of the homeland, and then have a conversation with Monsignor Olguin at 1000. He and President Balaguer will sign a joint statement at this national palace reinforcing the relations that must exist between the two countries. Preval will accept a reception with the Dominican president at 0130, and thereafter hold a press conference at about 0400. Following this, he will make a tour throughout this city and visit the Columbus beacon. At 0830, the presidential delegation and President Preval will go to the Las Americas Airport from where they will fly to Port-au-Prince.

Preval, whose visit to the Dominican Republic is the first by a Haitian president in 60 years, is leading an official delegation including Foreign Affairs Minister Fritz Longchamp, Finance Minister Fred Joseph, Planning Minister Eric Derice, Agriculture Minister Gerald Mathurin, Social Affairs Minister Dr. Amedee, Tourism State Secretary Maryse Penette, Commerce Minister Fresnel Germain, Senate President Edgard Leblanc, and Chamber of Deputies President Fritz Robert Saint-Paul. The president is accompanied by some members of his private cabinet. They are Chavannes Jean-Baptiste, Marie-Michele Rey, and Marie-Laurence Jocelyn Lasse ue. The president is also accompanied by 12 journalists and 106 participants who are members of the business sector.

Haiti: Smarth Nomination of 5 State Secretaries Reported

PA1403012796 Port-au-Prince Signal FM Radio in Creole 1230 GMT 13 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] On 12 March, the office of the prime minister published the names of five state secretaries to complete the Government of the Republic headed by Rosny Smarth. Two state secretary's offices have been eliminated. According to a presidential order dated 11 March 1996, Adeline Chancy is nominated state secretary of literacy, replacing Paul Dejan; Robert Manuel, state secretary of public security; Evans Lescouflair, retaining post of state secretary of youth and sports; Maryse Penette, retaining post of state secretary of tourism; and Astride Fouche Gardere, state secretary of judicial reforms.

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The nomination of the five state secretaries completes the formation of the Government of the Republic that now contains 15 ministries and five offices of state secretaries.

Haiti: Resolution Proposed To Open Relations With China

PA1403020996 Port-au-Prince Signal FM Radio in Creole 1230 GMT 13 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] President Preval is visiting the Dominican Republic to improve relations that are already considered to be good. In the meantime, the restoration of diplomatic relations between Haiti and China is being discussed. The Foreign Affairs Commission within the Chamber of Deputies will present a resolution next week aimed at restoring diplomatic relations between Haiti and China. The president of this commission, Deputy Gabriel Fortune, says this resolution was proposed because, as a sovereign country, Haiti has the right to have friendly relations with any country it wishes. According to Fortune, this resolution will be adopted at the Chamber of Deputies, because the majority of the deputies share the idea that Haiti has good relations with China. Let us listen to Fortune's explanations.

[Begin Fortune recording] It has a 95-percent chance to be ratified, because unofficially all deputies are favorable to the establishment of relations between Haiti and China. We are a sovereign country. When we want to restore — not to restore — when we want to open ourselves to China [pauses] by the way, we could say that we will follow the United States. So, I do not see any problem with that, because the United States needs the Chinese at this time. It needs China, so why not a small country like us? [end recording]

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Mexico: Government Asks To Participate in Helms-Burton Talks

PA1403153896 Mexico City XEW Television Network in Spanish 0400 GMT 14 Mar 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Mexican Government today formally asked the United States to allow it to participate in consultations on the implementation of the Helms-Burton law, which tightens the U.S. embargo on Cuba. The Commerce and Industrial Development Secretariat [Secofi] made the request.

[Madrid EFE in Spanish at 2218 GMT on 13 March transmits a 200-word, Mexico City-datelined related report that says that "today, the Mexican Government joined Canada to formally ask the opening of the consultation mechanism with the United States, stipulated in NAFTA, in order to review the consequences of the Helms-Burton law on trilateral trade." After noting that Canada and Mexico oppose several points of the law signed by U.S. President Bill Clinton yesterday, the report adds that "according to the communique by the Commerce Secretariat, the consultations would enable the parties to learn more about the details of the law and its implementation process in the United States, and determine whether they should continue with the secondary mechanisms on the settlement of disputes stipulated in NAFTA."]

Mexico: Government To Sell Bonds in Japanese Market

PA1503040996 Mexico City NOTIMEX in Spanish 1538 GMT 14 Mar 96

[FBIS Translated Text] Mexico City, 14 Mar (NOTIMEX) — The Finance Secretariat today reported that the Mexican Government will place bonds amounting to 30 billion yen, which is approximately $284 million, in the Japanese market.

In a communique, the secretariat explained that this instrument, known as the Samurai Bond, will be sold through Daiwa Securities, as the leading agent, and a group of Japan's main financial institutions. The communique added that the placement will have a six-year term and will pay a 6-percent annual interest rate, payable in yen. This constitutes a yield similar to the one the investor in dollars in U.S. Treasury Bonds gets for the same period, plus 3.83 percentage points.

The Finance Secretariat pointed out that the bond issuance is part of the federal government's public financing program designed to take advantage of the favorable conditions this market offers, compared to other available financial alternatives.

In this regard, the Mexican Government is extending the maturity period of the national debt issuances, which is one of the objectives of the public financing program for 1996, as well as the decrease in financing costs. The financial resources stemming from this issuance will be used to refinance short-term liabilities of the federal government, the secretariat added.

The Samurai Bond placement is the third issuance in international markets this year, following the one placed in Europe in German marks for a seven-year term and to the one placed at the dollar global market for a five-year term.

The secretariat also said that this is how the access to various markets will be diversified and how the amortization of the financing obtained is strategically distributed.

This issuance shows the confidence Japanese investors have in Mexico's economic prospects in the medium and long term and confirms the country's successful presence in the international capital markets, the Finance Secretariat maintained.

It recalled that this issuance is the fifth one the federal government is making in the Samurai market, to which it had access in 1973 and in which the most recent issuance was made in 1993. In addition, it represents the largest transaction, in terms of amount, a Mexican issuer has made in this market.

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El Salvador

El Salvador: U.S. Human Rights Report Rejected

PA1403200796 San Salvador LA PRENSA GRAFICA in Spanish 10 Mar 96 p 13-A

[Report by Claudia Rivera]

[FBIS Translated Text] The U.S. report on human rights violations, mostly perpetrated by the National Civilian Police [PNC] in its arrest procedures, was disproved by PNC Director Rodrigo Avila, who said the document does not correspond to the new reality in the corps.

A U.S. State Department document states that, although it is true there is improvement regarding the human rights situation in the country, violations still prevail due to the poor arrest procedures carried out by the security corps.

The report was also rejected by President Armando Calderon Sol, who termed the charges against the police corps unfair.

"The PNC is making an enormous effort against crime, and it is not fair that it should now be accused of violating human rights," the president said, when stating the report is a result of disinformation from "pseudo human rights groups" on the country's institutions.

Nevertheless, Human Rights Ombudsman Victoria Marina de Aviles said the report only corroborates the flow of reports constantly received by the Human Rights Ombudsman's Office.

"Our reports indicate 40 percent of human rights violations are attributed to the PNC, and the rest are attributed to the judicial branch," the ombudsman said, revealing the PNC is willing to "listen to criticism and try to improve the quality of its elements."

Although he admitted the police are "not free of mistakes," the PNC director said police agents are working to perfect the arrest procedure, adding no reports or criticism have been received on this in recent months.

"We must admit there has been tremendous improvement. The report could be based on information that dates back some time," the director said, when emphasizing "the Human Rights Ombudsman's Office has always been a PNC critic."

Dr. Marina de Aviles said there is confidence that the PNC Inspector General's Office, as well as the Security Council, will do a good job of supervising the police corps' proper actions.

Guatemala

Guatemala: Toughening of U.S. Embargo on Cuba Rejected

PA1503042896 Mexico City NOTIMEX in Spanish 2144 GMT 14 Mar 96

[FBIS Translated Text] Guatemala City, 14 Mar (NOTIMEX) — Guatemala today voiced its disagreement with the toughening of the economic embargo the United States maintains on Cuba as he pointed out that the Helms-Burton law adversely affects the people, not their leaders.

Foreign Relations Minister Eduardo Stein said that his country joins "other expressions of rejection over the decision the U.S. Congress made, because our foreign relations principles call for preventing the peoples' standard of living from being adversely affected."

He stressed that the Guatemalan Government "respects but does not agree with" the domestic decision made by the U.S. legislature, which toughens the embargo on the Caribbean island through the Helms-Burton law.

This week, U.S. President William Clinton signed the "Cuban Liberty and Democratic Solidarity Act," better known as the Helms-Burton law, following an agreement with the two chambers of the U.S. Congress.

The approval of the law took place in the aftermath of the downing of two lightplanes belonging to an anti-Castro organization, "Brothers to the Rescue," by a Cuban fighter-bomber on 24 February. Havana maintains that the two planes violated its airspace, while the United States affirms that the incident took place over international waters.

The new U.S. legislation attempts to punish citizens and businesses of third countries that invest in or trade with Cuba.

Stein recalled that Guatemalan President Alvaro Arzu has said that his government will not support any measure that adversely affects the peoples of sovereign countries. Arzu ruled out, for the time being, the possibility of establishing diplomatic relations with the Cuban Government; "however, we will remain open to consider them in the medium term, along with the establishment of diplomatic relations with other countries," the foreign minister underscored.

"For us, the main agenda deals with such Guatemalan domestic problems as the people's security situation, the economic relations with other countries, and the peace process," the Guatemalan diplomat added.

Stein also affirmed that programs to strengthen its foreign relations will be designed insofar as the most urgent Guatemalan problems are solved.

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Guatemala: Canal Maro To Begin Operations in Mid-March

PA1003022296 Guatemala City LA REPUBLICA in Spanish 3 Mar 96 p 9

[FBIS Translated Text] A new option in television viewing, "Canal Maro," will begin broadcasting in March, airing on Channel 19. It will feature a wide range of domestic programming, mostly in the fields of news and entertainment. According to station organizers, the station plans to influence the nation's development in a positive manner.

Canal Maro President Marlon Rosales has assured people that Channel 19 will be "the real Guatemalan television station." Rosales has said that it will be an open channel broadcasting on the VHF frequency and that the major cable systems in Guatemala City will carry the signal, as well as the cable companies from 21 localities around the country's interior, including the most important departmental capitals.

According to Rosales and reporter Gonzalo Asturias, station executive and director of the future "NTV" newscast, "local program productions" will constitute the station's programming backbone and will represent an unprecedented effort in the field. They have been able to recruit top Guatemalan producers, some of whom are internationally renown.

The "NTV" newscast will be the first in the country to air seven 30-minute news segments daily. According to Asturias, former news director of the "Here's the World" newscast and director of the "Telepress Newscast," the program will include "quality professional news and commentaries" and employ 21 correspondents, the largest network of reporters in Guatemala, covering the country in order to provide the "most complete and updated news on Guatemalan events."

Although a date has not been announced, it is believed the station will begin operations in mid-March, but the test signal is already airing and, according to some technicians who were asked, is of good quality. This will help with the task of connecting with the cable companies, although viewers without access to cable or satellite dishes will receive the signal directly through the airwaves.

Another important news program will be "Straight to the Point" by Eduardo Valdizan, former announcer of the "Here's the World" and "Telepress Newscast" newscasts. This program will feature daily interviews with news making personalities using the "talk show" format that has proven very successful in the United States.

Willy Maldonado, Guatemala's leading entertainer, will be featured on the weekends. Internationally renowned Maldonado hosts one of Salvadoran television's top rated programs but has come home "to present the best variety show, featuring publicity stunts, contests, and entertainment, all produced in Guatemala," Rosales has said. He has announced that the program, which will be called the "Willy Maldonado Show," will air on Saturdays with a duration of two hours. Rosales, who has had previous experience on television producing several programs, will be in charge of producing the popular "Happy Weekend" program and the "Sunday" variety program, which have aired for the past five years on channels five and 25.

The program selections will also include productions for children, such as "Children's Things" and "Esterollo," and will feature the television comeback of the unforgettable "Fatso" Sanchinelli, who will return to entertain our country's children, just as he did several generations ago.

Housewives have not been forgotten. A novel "TV Bargains" show will be featured, as well as sports and a variety of other topics that will hopefully make Channel 19 the new Guatemalan television viewing option.

Panama

Panama: Official Says Helms-Burton Law Undermines World Trade

PA1303165196 Panama City LA PRENSA in Spanish 13 Mar 96 p 4

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Some Colon Free Zone [ZLC] businessmen have expressed their indecision as to whether to continue trading with Cuba due to the hardening of the embargo on Havana decreed by the Bill Clinton administration, but others affirm that they will, Panamanian Government sources have stated.

Yesterday, Clinton signed the Helms-Burton law that hardens the economic embargo, in the aftermath of the downing by two Cuban fighter airplanes of two light airplanes belonging to opponents of the Fidel Castro regime who were flying over Havana's coasts.

Commerce and Industries Minister Nitzia de Villarreal said that the hardening of sanctions "undermines free world trade." Villarreal also said that some businessmen who do business with Cuba said they will "suspend this activity, while others said the opposite. In fact, this is a situation that is not entirely in the hands of the Panamanian state." The companies established in the ZLC, the west's largest re-export port, sell to Cuba

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merchandise worth approximately $100 million, but the Helms-Burton law establishes sanctions on those who do.

The official noted "it is regrettable that situations such as these take place (the hardening of sanctions) because they are at odds with free trade."

"There are means to resolve political and diplomatic problems and they should not limit free trade because the economies of many Latin American and European countries will be affected," by this law, the official noted.

Panama: Court Magistrates Reject U.S. Corruption Charges

PA1403223196 Panama City LA PRENSA in Spanish 13 Mar 96 p 1-A

[Report by Jose Otero]

[FBIS Translated Text] The Supreme Court of Justice magistrates yesterday rejected U.S. Department of State corruption charges and reported that it is the one that "exports" a good deal of violence and crime to Panama. The U.S. Department of State's Human Rights report described Panamanian justice as "inefficient and corrupt".

Penal Court Magistrate Aura Emerita Guerra de Villalaz criticized this assertion and demanded that the U.S. Government provide tangible evidence in support of these charges. She pointed out that the United States is one of the countries that "exports" the most criminal activities to Latin America, especially to Panama.

In this report, the Department of State did not give details of the degree of legal corruption; however, it stated that the effectiveness of the penal justice system is being undermined by "legal corruption linked to drugs." The corruption among Panamanian prison authorities and the prisons' deplorable conditions were also reported. In addition, the appointment of Fitz Gibson, who is regarded as a human rights violator during the regime of Manuel Antonio Noriega, was also criticized.

Magistrate Villalaz voiced her displeasure over these accusations and stressed that, in the judicial branch, there are 3,000 serious and honest workers who cannot be so easily accused without presenting evidence in support of these accusations. "The time to define the responsibilities of each country has arrived, and when these accusations are made, one must be very serious to dare say that there is corruption in this or that country," the magistrate of the Second Court said.

Meanwhile, Penal Court President Jose Manuel Faundes explained that he is unaware of the reasons why the U.S. Government is trying to discredit Panama's judicial branch and reported that the United States has the world's largest increase in drug trafficking and consumption. "The report that the Department of State drafts annually failed to mention anything about drug consumption in the United States and the repercussions that this phenomenon has in Latin America, especially in Panama," he added.

In the opinion of the Second Court president, this type of assertion by the Department of State is groundless, adding that all it is doing is insulting the clean and honest work of the judicial branch.

Juan Antonio Stagg, acting deputy foreign relations minister, said that he disagrees with the U.S. Government's position on the Panamanian penal and judicial system, affirming that an official statement is necessary.

In the meantime, opposition Legislator Alberto Cigarruista, of the Liberal Party, affirmed that it is necessary for the Panamanian Government to issue a firm and fearless statement on these accusations. He assessed that "the fact that the U.S. Government questions the Panamanian judicial system is shameful and regrettable, because, first of all, it does not have the morality itself to do such a thing and, secondly, it does not have the right to do so. As a Panamanian, I think that we cannot endorse this insolence."

Panama: Construction Board Rejects Money Laundering Report

PA1303200096 Panama City LA PRENSA in Spanish 11 Mar 96 p 3A

[Report by Hermes Sucre Serrano]

[FBIS Translated Text] The Panamanian Construction Board (CAPAC) has rejected charges made by a U.S. expert who said that this is one of the sectors in which more money laundering takes place.

A member of CAPAC told LA PRENSA that the United States has always tried to weaken sectors that play an important role in the Panamanian economy with the sole purpose of making small countries depend on large nations.

Charles Intriago, an expert in drug trafficking topics, said that the formula of money laundering throughout the Colon Free Zone and some "large projects" in the construction field in Panama still persists. "Intelligence reports contend that some construction projects are likely to be used for money laundering," Intriago said.

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Intriago visited Panama to attend the First International Congress on Measures To Prevent Money Laundering, organized by the Panamanian Banking Association with the participation of representatives from 22 Latin American countries.

According to Intriago, construction projects have been carried out without any mortgage and, despite the high cost, "they are built almost overnight."

In Panama, the large amount of high-cost apartment buildings and offices that remain vacant a long time after they are offered for sale is noticeable.

CAPAC leaders said Intriago's remarks were "impertinent" and demanded clarification.

They also said that the frequent attacks against the Colon Free Zone and against sectors of the Panamanian economy are part of a campaign orchestrated to dicredit the country in order to maintain its dependence on international credit institutions.

Intriago said that narcotics are invading international trade networks to conceal the money generated by drug consumption in the United States.

In his opinion, strict controls implemented by the main banking centers in the world are forcing money launderers to seek other options.

Intriago, director of the U.S. specialized publication MONEY LAUNDERING ALERT, urged Panamanian authorities to report any economic transactions the origin of which is not clear.

The CAPAC source said that a meeting will be held soon to discuss the matter. He said that "alleged international exerts" should not judge the conduct of Panamanian architects.

He added that, if the campaign against Panama continues, contractors will resort to legal channels to defend their rights and prevent the country from being a prize for adventurers who capriciously discredit Panamanian professionals.

The CAPAC spokesman asked not to be identified in order not to obstruct the investigations initiated by the organization.

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Argentina

Argentina: UK Spokesman Denies Fishing Fees Refunded

PY1303233896 Buenos Aires LA NACION in Spanish 13 Mar 96 p 9

[Interview with Foreign and Commonwealth Office Spokesman Jeremy McCroydon by LA NACION correspondent in Europe Graciela Iglesias in London on 12 March]

[FBIS Translated Text] On 12 March, the Foreign and Commonwealth Office denied having refunded to the vessel sailing under the Argentine flag, Atlantic III [name as published], the fees paid to obtain a fishing license, as reported some hours before by the Argentine Foreign Ministry.

Jeremy McCroydon, Foreign and Commonwealth Office spokesman on South Atlantic Affairs, told LA NACION newspaper: "The information released in Buenos Aires is factual and not factual at the same time. The company in question (the American Seafood from the United States) asked to return its license, which was transferred to another company, a Chilean vessel. We had no objection whatsoever to that request. The Argentine vessel, which had been fishing in the area for a few days, surrendered its license to the fishing authorities of the South Georgia Island, which transferred the license to a Chilean vessel at the request of the Argentine vessel. Devoid of its license, the Argentine vessel left the South Georgia Island's waters."

[Iglesias] What happened to the Argentine vessel's catch?

[McCroydon] That is a question that the two fishing companies must settle.

[Iglesias] This does not mean you have made an exception of the vessel sailing under the Argentine flag.

[McCroydon] There have been no exceptions. We are willing to transfer licenses. Nevertheless, no fishing [in the South Georgia exclusive economic zone] is allowed without a license, no matter what flag the vessel sails under.

[Iglesias] Is this the exclusive initiative of the American Seafood company or have you approached the company?

[McCroydon] There has been no approach whatsoever by the fishing authorities of the South Georgia Island. The company chartered the Argentine vessel, and also took the initiative.

[Iglesias] Is it normal procedure for a company to ask for a transfer of a license of one of its vessels to another company?

[McCroydon] Absolutely normal.

[Iglesias] Even if it involves the payment of $110,000 to fish in a risk zone?

[McCroydon] That is a regular procedure and it is up to companies to request a license transfer. As long as the terms of the license are respected, we do not see why we should turn down such a request.

[Iglesias] What happened to the money? Have you refunded it and asked the Chilean company to make a new payment?

[McCroydon] There was no refund. The license was simply transferred to the Chilean company. What happens over the money is between the two companies. We have already collected the license fee and it has simply been transferred to another company. I insist, there has been no refund on the fishing license.

Piece of News Is Suppressed

Foreign Minister Guido Di Tella's remarks that Britain renounced its claim to collect licenses and refunded the fees were broadcast early in the morning by the BBC teletext service in an item entitled "Great Britain Abandons Licenses in the Falklands."

In just 10 lines, the BBC reported everything that was said in Buenos Aires. This piece of news was never denied, but it was suppressed from the news agency shortly after noon. The subject was never broached again either by the BBC or by any other British media.

Argentina: Menem Meets With Lithuanian President

PY1403115696 Buenos Aires TELAM in Spanish 2049 GMT 13 Mar 96

[FBIS Translated Text] Buenos Aires, 13 Mar (TELAM) — President Carlos Menem and his Lithuanian colleague Algirdas Brazauskas held their first working meeting today within the framework of the two-day official visit that the Lithuanian president began today in Argentina.

"We Argentines are very happy to receive the visit of one of the great men who ceaselessly fought for freedom, independence, and the validity of democracy in his country," Menem said.

The president decorated Brazauskas with the Collar of the Great Liberator San Martin during a ceremony that

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took place in the White Hall of Government House this morning.

Menem praised the work carried out by his Lithuanian colleague in favor of independence and democracy in this country.

"I know that you will continue working ceaselessly for your people and your country, and I beg you to count on Argentina as a loyal and allied country forever, in this ceaseless struggle for peace and freedom," he said.

Brazauskas, who was received in the esplanade of the Casa Rosada by Foreign Minister Guido Di Tella, commented to the Argentine president on some of the inconveniences he experienced with regard to the flight that brought him to Argentina, for which reason he could not repay the decoration with which Menem distinguished him.

Following the protocol greetings, the two presidents, together with Argentine Foreign Minister Guido Di Tella and Lithuanian Foreign Minister Povilas Gylys, posed for photographers and cameramen.

The European president said he felt "very moved and happy" at being in Argentina, after which he embraced President Menem.

Government sources reported that during this first working meeting — which the two presidents held in the presidential office — "several aspects related to the political, economic, and social situation of the two countries were discussed."

The Lithuanian president likewise briefed Menem on the particular situation the Baltic countries experienced after their independence from the USSR during the 1980's.

They also talked about the progress realized in the past few years, taking as a parameter the evolution of the East European countries, following the downfall of the so-called "Iron Curtain."

Tonight at 2100 Menem will host a dinner in the Olivos presidential residence in honor of the visiting president. National government representatives, members of the Lithuanian president's retinue, and special guests will also attend the dinner.

Argentina: 'Virtual Agreement' Reached on Patents Bill

PY1503123796 Buenos Aires TELAM in Spanish 0001 GMT 15 Mar 96

[FBIS Translated Text] Buenos Aires, 14 Mar (TELAM) — Deputy Humberto Roggero reported that the government and the Justicialist Party, PJ, legislators today arrived at a virtual agreement over the decree that regulates the patents bill by agreeing on eight of the 10 points under discussion.

"The meeting with the cabinet chief has been very good, we have reached agreements in eight of the 10 points with which we began the discussion, and we believe that the regulating decree on the patents bill is virtually finished," Roggero said after a meeting that took place in Government House.

The meeting, which was presided over by cabinet chief Eduardo Bauza, was also attended by Justicialist Senators Augusto Alasino, Jorge Yoma, Hector Maya, Carlos Verna, Remo Constanzo, Omar Vaquir, and PJ Deputies Humberto Roggero, Jorge Matzkin, and Juan Carlos Maqueda.

[Congressional Relations Secretary] Nicolas Becerra and [Ministerial Relations Secretary] Alberto Garcia Lema also attended the meeting.

"I think that the effort we made with the cabinet chief has finished and that is why we believe that the regulating decree has been agreed upon. We also believe it is a good regulating decree," Roggero said.

Meanwhile, it has been pointed out in congressional circles that the regulating decree of the patents bill "could be signed on 15 March by President Carlos Menem and published on 18 March in the official gazette," a spokesman from the Chamber of Deputies industry committee reported.

Roggero said that "we still have different interpretations of two of the points of the bill, No. 42 and 101."

He added that "anyway, since there are many more agreements than disagreements, we decided to finish this subject and that the regulating decree be passed, and if in the future something turns up with Articles 42 and 101 of the bill, we will see to it then."

Regarding the most worrisome points for the congressmen, Roggero explained: "The subjects that were under discussion, obligatory license, parallel imports, and some other matters were really serious," but he said that "this has been perfectly well resolved."

Roggero recalled that after the trip of the legislators to the United States "it is clear that Argentina has respected the international agreements and that no sanctions would be applied because they are not justified."

Argentina: Economic Team Asked To Enhance Congress Ties

PY1403184496 Buenos Aires TELAM in Spanish 1846 GMT 13 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 13 Mar (TELAM) — Official sources have reported that during

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the first 1996 economic team meeting, Economy Minister Domingo Cavallo asked his team to enhance ties with Congress and thus unblock bills linked to privatizations, especially those of the Yacyreta [hydroelectric project] and the nuclear power plants.

Felipe Sola, agriculture, fishing, and food secretary, emphasized after the meeting: "The minister asked each of us to have a generous attitude toward Congress. He said nothing can be achieved without allies."

The economic team's meeting, with the participation of more than 100 government officials, was the first one to be held this year with the presence of all the Economy Ministry experts and advisers.

Deputy Edmundo Soria and Deputy Juan Carlos Pezoa also participated in the meeting. Sola pointed out that, in principle, Soria and Pezoa would act as a "connection" between the Economy Ministry and congressmen. [passage omitted]

Argentina: New Economy Ministry Organization Chart

PY1403161996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2312 GMT 13 Mar 96

[FBIS Translated Text] Buenos Aires, 13 Mar (NA) — With the new changes implemented by Economy Minister Domingo Cavallo, the Economy Ministry's organization chart has been established as follows:

— Minister: Domingo Felipe Cavallo;

— Vice Minister: Economic Programming Secretary Juan Llach;

— Finance Secretary: Ricardo Gutierrez;

— Legal and Technical Coordination Secretary: Horacio Liendo;

— Energy and Transportation Secretary: Carlos Bastos;

— Trade and Investments Secretary: Marcelo Regunaga;

— Agriculture, Fishing, and Food Secretary: Felipe Sola;

— Public Works Secretary: William Otrera;

— Mining and Industry Secretary: Carlos Magarinos;

— General Directorate of Taxation director: Carlos Sanchez.

Bolivia

Bolivia: Foreign Minister Rejects U.S. Blockade on Cuba

PY1403140296 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 14 Mar 96

[FBIS Translated Excerpt] Bolivia also rejects the U.S. blockade on Cuba. Upon rejecting the U.S. foreign policy on Cuba, Foreign Minister Antonio Aranibar said the U.S. Helms-Burton law which was enacted by President Bill Clinton, hardening the economic blockade on Cuba, violates Cuban interests and sovereignty.

Aranibar noted that 14 Latin American countries, assembled under the Rio Group, approved a joint declaration last weekend, condemning any attempt to impose economic sanctions or restrictions. Unfortunately, the Helms-Burton law is going in this direction and this is why it has received widespread rejection, as expressed by the EU, the Rio Group, and other countries, he pointed out. [passage omitted]

Bolivia: Border With Peru To Be Reinforced

PY1403152896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1848 GMT 14 Mar 96

[FBIS Translated Text] La Paz, 13 Mar (AFP-NA) — Migration Vice Minister Ivan Decker confirmed today that the Bolivian Government has instructed police forces and migration personnel to reinforce, as of today, the patrols on the extensive Peruvian border vis-a-vis the possible entry of Peruvian subversives.

This measure coincides with reports from Coroico, 96 km northeast of La Paz, noting that a group of armed peasants, allegedly linked to the Tupac Amaru Revolutionary Movement (MRTA), attacked a group of gold mineworkers last weekend and killed some of them.

There are coca plantations in the Coroico region and, even though the police have flatly denied that the peasant attack is linked to the Peruvian MRTA organization, Interior Vice Minister Hugo San Martin did not rule out this possibility.

Preliminary reports available to the Interior Ministry indicate that a yet undetermined number of weapons have been discovered in that area.

Colonel Jose Antonio Garcia, commander of a police station in El Alto, a town adjoining the city of La Paz and with a large number of migratory inhabitants, has confirmed that strict control operations are being carried out on the Peruvian-Bolivian border to prevent the entry of people without documents and suspects.

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A Peruvian MRTA cell, with the cooperation of Bolivian citizens, kidnapped cement industrialist Samuel Doria Medina in November and collected a $1.5-million ransom. Most cell members have been captured and are facing legal proceedings at local courts.

Bolivia: Special Antinarcotics Forces Reorganized

PY1403162196 La Paz PRESENCIA in Spanish 8 Mar 96 p 7

[FBIS Translated Text] Colonel Tomas Asturizaga was installed as the first director general of the reorganized Special Antinarcotics Forces (FELCN) on 7 March. "I do not want to make a lot of promises or offer great results because they will only constitute a theory," the new director said.

Asturizaga is also the first police officer to direct the FELCN, the much-questioned antinarcotics organization that was recently reorganized due to the many indications of corruption affecting it.

The ceremony was attended by Social Defense Secretary Victor Hugo Canelas; Police Commander General Willy Arriaza; General Reynaldo Caceres, Armed Forces commander in chief; and other authorities from these two institutions.

Bolivia: Agreement To Provide Internet Services Signed

PY1203172296 La Paz PRESENCIA in Spanish 1 Mar 96 p 9

[FBIS Translated Excerpt] The National Telecommunications Enterprise (Entel) and the National Council for Science and Technology [Conacyt] that manages the Bolnet service, signed an agreement on 29 February through which Bolivia will be linked to Internet, the world computer network which gives its users real-time access to data bases and e-mail services by means of a computer and a telephone line.

The agreement was signed by the Vice President of the Nation Victor Hugo Cardenas, on behalf of Conacyt and Bolnet, and Entel President Giovanni Ruggieri. Government officials and diplomats attended the ceremony. [passage omitted]

Bolnet technician Clifford Paravicini explained that the installation of the appropriate facilities will begin in La Paz, Santa Cruz, Cochabamba, and Sucre in two months, and in Oruro, Potosi, Tarija, and Beni, in September.

Entel and Bolnet engineers explained technical aspects of the network which will use IBS [expansion unknown] links to access the Internet in the United States at the speed of 128 kilobytes per second. This speed could be increased in keeping with the number of users. The engineers said that the network would offer e-mail and full Internet services. The sources emphasized the reliability of the net which stands at above 98 percent, and the low cost of services, starting at $20 per month. [passage omitted]

Brazil

Brazil: Pro-Sarney PMDB Deputies Block Patent Bill Vote

PY1403031496 Sao Paulo AGENCIA ESTADO in Portuguese 2314 GMT 13 Mar 96

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 13 Mar (AE) — The climate of war prevailing within the PMDB [Brazilian Democratic Movement Party], which was compounded by critical remarks against Senate President Jose Sarney (AP) [Amapa] uttered by Ceara [CE] Governor Tasso Jereissatti, today prevented the administration from showing signs of recovery in Congress. Nearly 50 of the 97 members of the PMDB bloc in the Chamber of Deputies jeopardized the vote on the new patent bill, which was scheduled to take place during the special session slated for early tonight. The justification wielded by the PMDB deputies is that they did not have enough time to examine the proposal submitted by Senator Fernando Bezerra (PMDB-RN) [Rio Grande do Norte], which has been fully endorsed by the administration.

The Bezerra-sponsored bill, which was received at the Chamber of Deputies on 1 March, would have been voted on based on a favorable recommendation by Deputy Ney Lopes (PFL-RN) [Liberal Front Party], the rapporteur of the bill. PFL leader Inocencio Oliveira (PE) [Pernambuco] indicated that it may be possible to vote on the bill next week, "after holding some negotiations with the PMDB." The postponement of the vote entails another defeat for the administration, which was hoping to have final approval of the law on industrial property coincide with President Fernando Henrique Cardoso's visit to Japan.

A few minutes prior to the cancellation of tonight's session, Oliveira took it for granted that the bill was going to be voted on and he was already celebrating. He said: "The administration needs this victory and it has the required majority." PMDB leader Michel Temer (SP) [Sao Paulo] did not attend the session and was not even in Congress this afternoon. Temer's office reported that he was outside Congress examining topics of the social security reform bill, of which he is the rapporteur.

Deputy Jose Aristodemo Pinotti (PMDB-SP), a member of the PMDB faction advocating a break with the

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administration, was among those who led the move to delay the vote on the patent bill. He said: "We cannot just swallow that proposal." He added: "The fact that President Fernando Henrique Cardoso is visiting Tokyo and would like to look good in the eyes of Emperor Akihito is not enough reason for us to do that." The patent bill had been initially submitted to the Chamber of Deputies in April 1991, where it was debated until June 1993, when it was finally turned over to the Senate. Pinotti is a supporter of PMDB President Paes de Andrade (CE), who is in turn a member of the "pro-Sarney" group; that is, allies of Senate President Jose Sarney (PMDB-AP), who has been held accountable for masterminding the creation of the CPI [Congressional Investigating Committee] on banks. Pinotti said: "The Bezerra-sponsored bill is the most damaging one to the country." In Pinotti's opinion, at least 15 days will be needed to compare the Bezerra proposal with the one drafted by Ney Lopes.

PMDB deputy leader Geddel Vieira Lima (PMDB-BA) [Bahia], who coordinated the meeting, asked Deputy Alberto Goldman (PMDB-SP) to conduct a survey to find out the position of the bloc on the subject. The trend within the bloc is to restrict the scope of the pipeline (retroactive recognition of patent rights) by supporting the first version approved by the Chamber of Deputies, which provided that the pipeline mechanism would be admitted only regarding products or processes whose patents have not yet been granted in the country of origin; that is, it is contrary to what has been stated in the proposal of Senator Fernando Bezerra.

Brazil: Cardoso on CPI on Banks, Eximbank Credit Line

PY1403161896 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 14 Mar 96

[FBIS Translated Text] President Fernando Henrique Cardoso has said that Brazil will not change its course if the Congressional Investigating Committee that will look into the situation of the Brazilian banks is installed in the Senate.

President Cardoso made these comments during talks with journalists in Tokyo. On this occasion, Cardoso made clear that the most important thing during this trip to Japan is the reopening of a credit line with the Japanese Eximbank without having to resort to a stand-by [preceding word in English] accord with the IMF.

The Japanese Eximbank has opened new credit lines for Brazil. Four protocols have been signed: One contemplates the disbursement of $450 million to finance the construction of a second one-way lane and the modernization of highways BR-116 and BR-101. Another protocol contemplates the disbursement of $300 million for the National Bank for Economic and Social Development to use in financing and assisting small and medium-size enterprises. The third will supply funds to finance the metropolitan train to be installed in Fortaleza, Ceara State, and the fourth, to expand the Tocantins State highway network.

Brazil: Ministers Comment on Restrictions to Investments

PY1403035396 Rio de Janeiro O GLOBO in Portuguese 13 Mar 96 p 5

[FBIS Translated Text] Tokyo — Communications Minister Sergio Motta said yesterday in Japan, shortly before President Fernando Henrique Cardoso's arrival, that telecommunications bill rapporteur Deputy Arolde Oliveira (PFL-RJ) [Liberal Front Party-Rio de Janeiro] will eliminate the restrictions to the participation of private capital in the privatization of the telecommunications sector. The original government proposal of limiting foreign participation in the telecommunications privatization to 49 percent will be replaced by a more flexible rule establishing reciprocity with other countries.

"There is no taboo regarding foreign participation. If the regulating authority is strong, there will be no problems. Our concern is to prevent concentration," Motta said.

He explained that the restrictions in the bill, which investors and politicians describe as xenophobic, will be replaced by a more flexible mechanism. There are two options: Either the president establishes a participation percentage, as he currently does with financial institutions, or the maximum percentage is established in the privatization bid call.

The treatment other countries give to Brazilian companies will be reciprocal, Motta said. He mentioned that the United States allows 20 percent foreign participation in its telecommunications sector, while France and Germany do not admit foreigners.

There will be greater restrictions on foreign public companies, Motta said. He mentioned the case of Argentina, where the public telephone company was purchased by two foreign public companies — French and Spanish — not solving the problem of the necessary investments.

"In the case of Brazil, the proposal allows foreign capital to remain with 84 percent of the preferential shares, as long as it does not assume its control. However, we have already agreed with the rapporteur to eliminate this restriction," he said.

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Motta added that the market strategy of foreign groups is not to assume the control but to participate in the business.

The minister believes that his effort to attract investments from Japanese businessmen will yield positive results, with large groups becoming interested in establishing partnerships with the Brazilian private sector.

In turn, Planning Minister Jose Serra said that given the financial crisis of the Brazilian public sector, Brazil is not interested in traditional Japanese loans for Brazilian public companies, but in resources to allow private investments. Besides this, he said, the government seeks to break the strict classification of income of the OECF (Overseas Economic Cooperation Fund) [previous four words in English], the Japanese technical cooperation agency that applies resources from the large volume of Japanese international reserves ($184 billion). Brazil has difficulties in terms of gaining access to cheap financing from the OECF — except for environmental projects — because the Brazilian average income is high for the Japanese requirements. This is why President Cardoso will ask that the income classification be done state by state.

For Serra, the fact that Japan has a high level of reserves and a considerable trade surplus with Brazil facilitates the negotiations. He reported that the Eximbank will announce its decision to grant a loan of slightly more than $1 billion. Japan will lend Brazil $268 million for a subway system in Fortaleza, $48 million for the Tocantins highway network, $450 million for the Sao Paulo-Curitiba-Florianopolis highway, and $300 million for the BNDES [National Bank for Social and Economic Development].

Brazil: Restrictions in New Telecommunications Bill Noted

PY1303205796 Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Mar 96 p 2

[FBIS Translated Text] Brasilia — Foreign state-owned companies may not purchase Brazilian state-owned telecommunications companies. This prohibition is included in the report of Deputy Arolde de Oliveira (Liberal Front Party - Rio de Janeiro), rapporteur for the bill on the minimum telecommunications law. The deputy says the modifications have already been negotiated with the Communications Ministry and will probably be voted on by the Chamber of Deputies before the end of March.

As a result of this, state-owned companies like France Telecon will only be able to purchase minority stocks of telecommunications companies' capital. For private companies, however, there are no restrictions in the telecommunications bill. The rapporteur has withdrawn from the text a proposal to limit foreign capital to 49 percent of voting shares, because he considers it incompatible with the worldwide trend, which seeks to open telecommunications.

It became easier to end the restriction after the U.S. Government announced that it will suspend current restrictions. Currently, investors can only have 20 percent of the control of state-owned enterprises. In negotiations with the Communications Ministry, however, Arolde de Oliveira agreed to allow the minister to include in each bidding announcement the reciprocity demand. Under this, a foreign enterprise may have control over the capital of a Brazilian telecommunications company if its country of origin grants the same rights to a Brazilian enterprise.

Another innovation presented by the rapporteur is the demand that state-owned telephone companies create subsidiaries to administer cellular telephony services. These subsidiaries will probably be established before the end of 1997. The rapporteur argues that this will facilitate the subsequent privatization of enterprises.

The Communications Ministry is awaiting the approval of the bill on the minimum law to issue before, later this year, opening a tender announcement for cellular telephony and satellite communications. The winning enterprises will then compete with state-owned companies.

Brazil: Cardoso's Role in Administration's Recovery Viewed

PY1403151996 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Mar 96 p A12

[Article by Eliane Cantanhede in Brasilia]

[FBIS Translated Text] President Fernando Henrique Cardoso has had a week he would rather forget, but he has overcome perplexity and irritation and is personally directing the administration's recovery. On 7 March, he breakfasted with the government leaders and held private meetings with Liberal Front Party "big boss" Antonio Carlos Magalhaes (Bahia), Chamber of Deputies President Luis Eduardo Magalhaes, and Maranhao Governess Roseana Sarney. The president was able to gain some time and postpone the installation of the Congressional Investigating Committee on banks and to begin redirecting the social security reform, or what is left of it.

One of the conclusions the president reached is that it is better to accept some solutions proposed by Workers Party [PT] Deputy Eduardo Jorge (Sao Paulo) in a constitutional amendment last year, than simply having

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nothing approved in the social security area this year. A government source said: "I believe Eduardo Jorge's proposal is better than the alternate text presented by Euler Ribeiro."

As to the CPI on banks, there seems to be some arm wrestling between Planalto Palace and the allied parties, specially the PMDB [Brazilian Democratic Movement Party]. The source said indignantly: "Has the PMDB ever been an allied party?" He did not want to refer to Senate President Jose Sarney (PMDB-AP) [PMDB - Amapa], who is considered the most responsible influence behind summoning the CPI.

Maranhao Governess Roseana Sarney, the Senate president's daughter, phoned President Cardoso directly on 7 March. Despite the dubious relations between the Sarney family and Planalto Palace, and the fact that she was one of the only governors absent during the ceremony in which the new educational program was inaugurated in Belo Horizonte on 4 March, Roseana Sarney tried to calm things down.

"They are trying to put us in bad light before you, Mr. President, but none of what is being said is true," she allegedly said, trying to hold someone other than Sarney responsible for the organization of a list with the names of those who support the summoning of a CPI on banks. In the first congressional version on the CPI, Sarney only sought "to scare" the administration. President Cardoso, however, reacted adequately and "scared" Congress by telling congressmen through government leaders that he agreed to the CPI as long as the investigations did not concentrate only on banks that have been under trusteeship since last year, but also included previous administrations and went as far back as the Sarney administration.

It would be enough for the government if the leaders of the Brazilian Social Democracy Party and of the PFL abstained from appointing members to represent them in the CPI, thus preventing it from being effectively installed. Government sources have said, however, this was not sufficient for President Cardoso. He does not want to convey to public opinion the impression that he was afraid of the CPI. He wants to convince the leaders and the congressmen about the "inconvenience" — the key word in the Planalto Palace articulations — of a CPI for the country's economic stability and for foreign investment.

The administration does not work on a basis of pure proselytism. On the same day, 6 March, the list of people signing the requirement for the installation of the CPI totaled 29. National Treasury Secretary Murilo Portugal was already concluding with the Tocantins State congressional bloc negotiations for a loan to be granted to the state. Tocantins congressmen massively signed the requirement for the CPI. The PT, which favors the CPI, fears the entire episode will fizzle out: More government allies will be appointed to fill positions, with more federal resources for their state governments, and the CPI documents will be locked away in a drawer.

Government leaders agree that the administration should treat congressmen better. Elcio Alvares (PFL-ES) [PFL-Espirito Santo], government leader in the Senate, said: "Most complaints refer to ministers." Deputy government bloc leader Jose Arruda (PSDB) added: "We have all learned from this episode (the establishment of the CPI)."

Brazil: Parties Distribute Committee Presidencies

PY1403143196 Sao Paulo AGENCIA ESTADO in Portuguese 1724 GMT 13 Mar 96

[FBIS Translated Text] Brasilia, 13 Mar (AE) — The permanent committees of the Chamber of Deputies today confirmed the names of the deputies who will preside over them. The criteria of distribution of committees is the representation of each party in the house. The PFL [Liberal Front Party] was the first one to choose, but contrary to what has happened in past years, its preference has not been the Constitution and Justice Committee. The PFL chose the Communications Committee given its importance during the present period when the regulations and the easing the telecommunications monopoly will be defined. The presidents of the permanent committees are:

Finances and Taxing: Delfim Netto (PPB-SP) [Brazilian Progressive Party-Sao Paulo]

Agriculture and Rural Policy: Felix Mendonca (PTB-BA) [Brazilian Labor Party-Bahia]

Education, Culture, and Sports: Moacyr Andrade (PPB-AL) [Alagoas]

Mines and Energy: Romel Anizio (PPB-MG) [Minas Gerais]

Constitution and Justice: Aloysio Nunes Ferreira (PMDB-SP) [Brazilian Democratic Movement Party]

Social Security and Family Affairs: Eduardo Mascarenhas (PSDB- RJ) [Brazilian Social Democracy Party-Rio de Janeiro]

Labor, Public Service, and Administration: Nelson Otoch (PSDB- CE) [Brazilian Social Democracy Party-Ceara]

National Defense: Elias Murad (PSDB-MG)

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Foreign Affairs: Atila Lins (PFL-AM) [Amazonas]

Oversight and Control: Jaime Martins (PFL-MG)

Human Rights: Helio Bicudo (PT-SP) [Workers Party]

Consumers Defense, Environment, and Minorities: Gilney Viana (PT-MT) [Mato Grosso]

Science and Technology, Communications, and Informatics: Ney Lopes (PFL-RN) [Rio Grande do Norte]

Urban Development and Interior: Fernando Zuppo (PDT-SP) [Democratic Labor Party]

Economy, Industry, Commerce, and Tourism: Jose Priante (PMDB-PA) [Para]

Transportation: Newton Cardoso (PMDB-MG)

Brazil: Roundup of Economic Reports Through 8 Mar

PY0803220096

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 8 March.

FINANCIAL OPERATIONS

Bonds Issued in Japan — Brazil on 4 March issued its first Samurai five-year bonds worth $285 million on the Japanese market. Brazil thus becomes Latin America's main target for foreign capital investment, having attracted $2.664 billion, slightly surpassing the investments attracted by Argentina and Mexico. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Mar 96 p A1)

Interest Rates Drop — The interest that banks charge on foreign investments dropped from 30 to 25 percent annually, after the Central Bank at the beginning of February restricted speculative investment in foreign currency. Central Bank restrictions forced banks to invest on the market the currency that they had obtained for loans. Banks had been profiting from this big difference between the low international interest rate and the high domestic rates. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Mar 96 p A1)

Consortium Cancels Contract With Intelsat — The consortium formed by News Corporation, Organizacoes Globo, Televisa, and Tele- Communications Inc. has canceled its spot on the Intelsat satellite, which was to have been used for distribution of television signals in the direct-to-home system. The signals will be transmitted through Panamsat, a U.S. company that offers three satellites. (Sao Paulo GAZETA MERCANTIL in Portuguese 6 Mar 96 pp A1, C5)

Gold Operations To Be Resumed — The Central Bank will again operate with gold on the international market within two or three weeks. This was reported by Joubert Furtado, chief of the Central Bank International Reserves Department. The Central Bank suspended its foreign gold operations to end speculations made in the name of Brazil. (Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 7 Mar 96)

Japanese Investment in Lysine Factory — The Ajinomoto Co. Inc., a Japanese group, will invest $55 million in a lysine factory that will hire 100 employees. The factory will be built in Valparaiso, Sao Paulo. This undertaking will bring Ajinomoto's total investment in Brazil to $250 million. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Mar 96 p B16)

Tourism Investments — President Cardoso launched the new tourism program in Planalto Palace on 7 March during a ceremony in the presence of ministers, governors, and 400 mayors from touristic cities. It foresees investments of 1 billion reals, R. The Brazilian Government will finance infrastructure projects for tourism such as the construction of hotels, docks, theme parks, private airports, theaters, and transportation. Resources will be available through National Bank for Social and Economic Development BNDES credit lines. Dorothea Werneck — Industry, Commerce, and Tourism Minister — and Caio Luiz de Carvalho — Brazilian Tourism Agency, Embratur, president — presented the new marketing campaigns to be disseminated abroad. The president wants the Brazilian image of carnival, sex, and soccer to be replace by ecotourism, fishing, historical tours, sun, and beaches. (Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 8 Mar 96)

French Loan for Iron and Steel Company — The Sao Paulo Iron and Steel Company on 7 March signed a contract with Credit Lyonnais and Banque Sudameris — two French credit institutions — to supply the Brazilian company with $22.199 million to purchase equipment and services for modernization of its facilities. Contract terms provide for a 10-year repayment period, 2 years of grace, and amortizations in 16 installments, one every six months, as of March 1998. (Sao Paulo AGENCIA ESTADO in Portuguese 1929 GMT 7 Mar 96)

Petrobras To Exploit Oil at Chinese Sea — Petrobras will form a partnership with Japan's National Oil Corporation for prospecting and producing oil in the Chinese Sea. This information was reported to Mines and Energy Minister Raimundo Brito during a meeting with a delegation of 30 Japanese entrepreneurs. (Rio de Janeiro O GLOBO in Portuguese 2 Mar 96 p 24)

Record Number of Bankruptcies — The Sao Paulo Commercial Association has registered a record number

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of 132 enterprises that went bankrupt in Sao Paulo in February 1996, compared to 37 in January 1996. The previous record was registered in July 1980, with 126 bankruptcies. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Mar 96 Section 2 p 1)

FISCAL, MONETARY ISSUES

Government Debt With Petrobras — The government owes R5.5 billion to Petrobras, the Brazilian Petroleum Corporation. This has accumulated since 1990 in the form of subsidies to alcohol producers and petroleum byproducts among others. The subsidy paid to alcohol producers accounts for R3 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Mar 96 p A1)

PRIVATIZATION

Railway Stretch Privatized — During an auction at the Rio de Janeiro Stock Exchange on 5 March, a U.S. consortium led by the Noel Group bought the operation of the Western Network of the Federal Railway Network, Inc. The final price was R62.36 million. The scheduled privatization of the six railway networks involves investments of R887 million over the next five years, and R4.2 billion over the full 30-year concession period. Next in the privatization list is the center-western network, whose minimum price was set at R316.9 million, with a R328 million investment to be made by the concessionaire over the first five years. The privatization price of the southern network was set at R158 million. The Tereza Cristina network price is R16.6 million, and the Southeastern network price was set at R888.9 million. (Sao Paulo GAZETA MERCANTIL in Portuguese 6 Mar 96 pp A1, B6)

TRADE ISSUES

Minas To Open Trade Office in Singapore — The Minas Gerais State Federation of Industries has signed an agreement to open an office in Singapore. As of May, Economist Giovana Rowlley will be the Federation's representative in that country. Rowlley will identify opportunities for trade between Minas and Singapore, and will help promote entrepreneurial, academic and cultural partnerships. She will also supply data to the Federation's Asian Studies Center database. (Sao Paulo GAZETA MERCANTIL in Portuguese 6 Mar 96 p A6)

British Group Buys Paint Company — The British group Imperial Chemical Industries, ICI, has purchased the Brazilian Tintas Coral Inc., the Argentine Alba Inc., and the Uruguayan Inca Inc. The three companies were part of Bunge Paints, a division of the Bunge Group for Mercosur. ICI paid $390 million for the three, which will now be part of ICI Paints Mercosur, to be headquartered in Sao Paulo. Of the total price, $295 million will be paid in cash, and the remaining $95 million will be transferred to ICI as liabilities. Sales of the three companies in 1995 reached $400 million. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Mar 96 p C4)

Iron Ore Exports — Brazilian iron ore exports reached 9.964 million tonnes in January 1996. This is 1.6 percent higher than in January 1995. Exports in January yielded $200.8 million, compared to $181.5 million in January 1995. This reflects a 10.64 percent growth. (Sao Paulo GAZETA MERCANTIL in Portuguese 5 Mar 96 p C3)

Dumping Charges Pressed Against Brazil — Nelson Freire, president of the Brazilian Association of Electric and Electronic Industries, on 9 March reported that Argentine industrialists have charged that Brazilian compressor manufacturers Sicon and Embraco have engaged in dumping. The Argentines claim the two Brazilian enterprises are selling compressors at below the international market price level. The compressors are sold to Argentine companies that produce freezers, refrigerators, and air conditioners. The charges are being studied by the Argentine authorities. (Sao Paulo AGENCIA ESTADO in Portuguese 1634 GMT 9 Mar 96)

New Air Route Announced — Dorothea Werneck, industry, commerce, and tourism minister, has announced a new air route between Petrolina, Pernambuco, and Paris, France. It will facilitate flower and fruit exports from irrigated areas in northeastern Brazil to Paris, thus increasing the competitiveness of these products in the European market. Federal Revenue Service and Federal Police offices will be opened in the Petrolina airport. (Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 8 Feb 96)

Export Figures for February — The Foreign Trade Secretariat of the Ministry of Industry, Commerce, and Tourism on 4 March announced that exports reached $3.421 billion in February 1996, compared to $2.952 billion in February 1995. Exports in January and February 1996 reached $6.894 billion, compared to $5.932 for the same period in 1995. Exports between March 1994 and February 1995 reached $43.952 billion, compared to $47.468 billion for the period between March 1995 and February 1996. (Sao Paulo AGENCIA ESTADO in Portuguese 2127 GMT 4 Mar 96)

Brazil: Roundup of Economic Reports Through 12 Mar

PY1203200796

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 12 March.

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BASIC LEADING INDICATORS

Brazilian Banks Rating Published — The European credit-classification agency, IBCA, today published the ratings of 12 Brazilian banks. The rating for Brazilian sovereign credit is equivalent to B for short-term credit and B+ for long-term credit. The "individual rating" classification ranges from A to E and indicates the institution's financial solidity. The Bandeirantes Bank and the Excel Bank are possible candidates for downgrading. Philip Smith, IBCA spokesman in London, said this is common in the case of banks about to merge with other banks. Excel is about to merge with the Economico Bank and Bandeirantes has been negotiating a merge with Banorte. The "legal rating," which ranges from one to five, reflects the bank's possibility of being helped by its shareholders or the government. Five is the worst rating. The letter T next to a rating shows the possibility that whatever help the bank gets may not be extended to accounts said bank has abroad. Here are the ratings:

Short-Term	Long-Term	Individual	Legal
Bandeirantes	B	B+	C
Boavista	B	B+	C
Bradesco	B	B+	B
Bank of Brazil	B	B+	C/B
Banerj	B	B+	E
Banespa	B	B+	E
Itau	B	B+	B
Real	B	B+	B/C
Safra	B	B+	B/C
Mercantile Credit Bank	B	B+	B/C
Excel	B	B+	C
Unibanco	B	B+	B/C

(Sao Paulo AGENCIA ESTADO in Portuguese 1752 GMT 6 Mar 96)

Fipe Announces Low Inflation — The Economic Research Foundation Institute, Fipe, of the Sao Paulo University has announced that the February inflation rate for Sao Paulo State is 0.40 percent. Fipe reports that this is the lowest in the country since December 1972. Drops in the price of food, clothes, health services, and education caused this low figure. (Sao Paulo AGENCIA ESTADO in Portuguese 2009 GMT 5 Mar 96)

FGV Inflation Rate Down — The Getulio Vargas Foundation, FGV, announced that the Consumer Price Index for Rio de Janeiro dropped from the 3.06 percent in January to 1.28 percent in February. The index reflects the inflation registered by Rio de Janeiro families who earn from one to 33 minimum wages. The rate is influenced by a drop in utility rates (4.7 percent), rents (3.09 percent), and home appliances (1.34 percent). (Sao Paulo AGENCIA ESTADO in Portuguese 2135 GMT 6 Mar 96)

Dieese Registers Record Deflation — The Interunion Department for Statistics and Socioeconomic Studies, Dieese, states that this is the first time since the implementation of the real that prices have remained stable in Sao Paulo. Dieese reported that the cost of living index, which covers inflation on Sao Paulo families earning from one to 30 minimum wages, increased by 0.05 percent in February. Food, which increased by 2.25 percent in January, rose by just 0.14 percent in February. (Sao Paulo AGENCIA ESTADO in Portuguese 2139 GMT 7 Mar 96)

FINANCIAL OPERATIONS

Foreign Capital Flow Decreasing — Foreign investors invested in the stock market in February but the net foreign investment balance stood at 274.4 million reals, R, compared with R694.7 million in January. During February, foreign investors purchased R2.33 billion in shares and sold R2.05 billion. During the first two months of 1996 foreign capital investment on Brazilian stock markets almost doubled investments in the Sao Paulo stock market last year, when the overall net balance stood at R512 million. (Sao Paulo GAZETA MERCANTIL in Portuguese 7 Mar 96 p B1)

Sao Paulo Domestic Debt Growing — A short time before the municipal elections — in which Sao Paulo, SP, Mayor Paulo Maluf's replacement will be chosen — everyone's attention is focused on the degree of municipality indebtedness. The SP domestic public debt has increased more than that of all other states and the Rio de Janeiro Municipality together. Central Bank data shows that in the last three years, the SP Municipality's debt in public certificates increased by 302.48 percent after the inflation rate has been deducted, and currently surpasses R4 billion. SP Finances Secretary Celso Roberto Pitta reports that the situation for the new mayor will not be very bad because the municipality has struck no new debts and the tax revenue increased by 111 percent from December 1992 to December 1995, rising from R2 billion to R4.4 billion. The debt of the Rio de Janeiro Municipality totals nearly R1.195 billion,

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while the 1995 tax revenue stood at R1.734 billion. The Minas Gerais domestic public debt also rose by 272 percent in 1995, although the administration has not issued any certificate in the last six years. The state government's domestic public debt stands at R7.2 billion, while the 1995 tax revenue totaled R4.7 billion. The SP debt can be administered. What frightens the opposition is that the current administration has been allocating more resources to public works than to the social area. Of the R5.8 billion budget for 1995, 20 percent were earmarked for the construction of roads and highways, 2.44 percent to the Housing Secretariat, and 6.23 percent to the Transportation Secretariat. The previous administration allocated 30.4 percent of its budget to the social area. (Sao Paulo GAZETA MERCANTIL in Portuguese 8-10 Mar 96 p A4)

FISCAL, MONETARY ISSUES

Excel Bank Merges With Economico Bank — The Central Bank and the Excel Bank closed an agreement on 8 March that will permit the reopening of the Economico Bank in April. Two possible dates for the reopening have been set: 2 or 11 April. The Excel Bank will keep the Economico Bank assets and liabilities, which total the identical sums of R2.312 billion. It will also be entitled to a special Central Bank credit line of approximately R400 million, which will act as a sort of liquidity cushion for the reopening of the Economico Bank offices and the reorganization of operations. The cost of the credit line will be an average between what the Excel demanded (Reference Interest Rate) and the Central Bank offer (Selic tax plus interest rates ranging from 0.5 to 4 percent per year). After the merge, the Excel Bank will have overall assets totaling R3.676 billion. The system used to transfer the assets and liabilities was similar to the one employed in the agreement reached with the Unibanco Bank for its merger with the Nacional Bank. The only difference is that the Excel credit line was not opened within the framework of the Program to Encourage the Reorganization and Strengthening of the National Financial System, Proer, because the Economico Bank was placed under Central Bank trusteeship in August, before the establishment of the Proer. To achieve control over Economico Bank operations, Excel must invest R230 million, in addition to the R100 million of its foreign partner, the Union Bancaire Prive, of Switzerland. The pension funds that guarantee the Economico Bank have transformed their certificates into shares worth R200 million in the new bank. Next week, the Excel Bank will negotiate with the other creditors, seeking to transform the other R70 million into shares. As with the Nacional Bank, the Central Bank will keep the worst part of the Economico Bank problems. One Central Bank source said the Central Bank will keep the R3.6 billion liabilities that the Economico Bank used for rediscount during the period that preceded the Central Bank trusteeship and the other R5 billion of the Economico Bank assets. (Rio de Janeiro O GLOBO in Portuguese 9 Mar 96 p 25)

Accumulated ARO Debt Increasing — The Central Bank announced on 8 March that the accumulated debt of the state and municipal administrations in Budget Revenue Advance, ARO, in the months of January and February stand at R1.4 billion. This is a 9-percent increase over the same months last year, when it stood at R1.3 billion. The increase came mainly in ARO operations conducted by the municipal administration, which increased from R399 million in January and February 1995 to R578 million in January and February 1996. This does not include the state capital administrations where the volume of ARO operations fell from R76 million to R50 million. The ARO operations conducted with funds from private banks, however, dropped by 12.16 percent in January and February 1996 from R1.118 billion to R982 million, while operations conducted with federal and state banks' resources increased from R170 million to R427 million (152 percent). (Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Mar 96 Section 1 p 10)

TRADE ISSUES

Partnership With APEC Viewed — For at least three years, the Asia-Pacific Economic Cooperation, APEC, has been one of Brazil's main trade partners. The Foreign Ministry reports that nearly $29 billion have been negotiated between Brazil and APEC in 1994, $17 billion of it in exports. During the same period, Brazilian trade with NAFTA stood at about $21 billion. Brazil's main partner within APEC is Japan. In 1994, Brazil exported $2 billion worth to that country and imported $2.5 billion worth. The second largest partner is Chile, with which Brazil traded $1.5 billion worth. Third comes the PRC with $1 billion. Brazilian exports to that country surpass imports by 75 percent. With smaller countries, such as the Philippines, trade is worth no more than $224 million. Since the establishment of APEC, Brazil has followed the entity's meetings, except the one held in Osaka, Japan, last November. The Foreign Ministry reports, however, that since Brazil has no direct access to the Pacific Ocean, unlike Chile and Peru, it cannot become a member of the group. Foreign Ministry adviser Vera Machado said that Brazil can only act as an observer, without the right to vote. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Mar 96 Section 2 p 5)

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U.S. Subsidy Protested — Pedro Camargo Neto, vice president of the Brazilian Rural Society, reports that Brazilian cotton producers will appeal the technical appraisal by the Industry, Commerce, and Tourism Ministry, which stated that the U.S. Government subsidy on cotton did not cause losses to Brazilian cotton producers. He said the technical appraisal is full of contradictions. (Sao Paulo GAZETA MERCANTIL in Portuguese 8-10 Mar 96 pp A1, B20)

Chile

Chile: Defense Minister on Perry Visit, Arms Purchases

PY1503014396 Madrid EFE in Spanish 2335 GMT 14 Mar 96

[FBIS Translated Text] Santiago de Chile, 14 Mar (EFE) — Defense Minister Edmundo Perez Yoma stated today that the Chilean Government will not purchase new weapons from the United States because the country is satisfied with its arsenal.

He made this remark during a news conference held to evaluate the three-day visit to Chile by U.S. Defense Secretary William Perry.

Perez Yoma said that during Perry's visit — he departed for Venezuela on 13 March — no one discussed the purchase of any type of weapons because "Chile is satisfied with its stock."

He said: "We have reached a level that does not entail a threat to anyone, and we also have a deterrent-defensive potential that keeps us at ease."

He added: "We have not entered the market to purchase weapons but for a long time we have been working on long-term programs with which we fully comply.

Commenting on relations with the United States, Perez Yoma said that both countries are going through "a long phase in their friendship which eschews any form of selective one-on-one association between them."

He said that following Perry's visit, a U.S. Defense Department delegation will come to Chile soon, and that he will visit Washington in July to coordinate the first round of consultations with the secretary of defense.

Military links between Chile and the United States cooled down between 1973 and 1990 because of continuous charges involving human rights violations under General Augusto Pinochet's military regime.

Chile: Army Not To Participate in Drug Enforcement Program

PY1503025896 Madrid EFE in Spanish 0009 GMT 15 Mar 96

[FBIS Translated Text] Santiago, 14 Mar (EFE) — Chilean Defense Minister Edmundo Perez Yoma reported today that Chile has "made it very clear" to the United States that its Army will not participate in the drug enforcement program and will only cooperate "with logistical support" for the police forces.

The defense minister said that this position was conveyed to U.S. Secretary of Defense William Perry during his three-day visit to Chile, which ended on Wednesday.

In a news conference to report on the results of Perry's visit, Perez Yoma said: "In Chile the Armed Forces will not participate in the drug enforcement program. We made this very clear to Secretary Perry."

The defense minister explained that only "on some occasions" will the Chilean military forces provide "logistical support" to the police corps, and added that cooperation will not go beyond that.

"We do not see any need for the Armed Forces to get involved in this matter," Perez Yoma said.

Chile is not a country with an important role in the production and distribution of drugs in Latin America, and its involvement with this crime is limited essentially to money "laundering" and the sale of chemical products to produce drugs.

Chile: Fishing Vessel Detained by UK Released

PY1403033696 Santiago EL MERCURIO in Spanish 13 Mar 96 p C10

[Report by Edgardo Rivera]

[FBIS Translated Excerpt] Punta Arenas — The Chilean fishing vessel Antonio Lorenzo was released on 12 March, in the afternoon. The release came four days after it was detained at Port Stanley, Falklands or Malvinas Islands. The decision was made after the following people appeared in a Punta Arenas court: Emilio Pinal, manager of the Concar fishing company in Punta Arenas; Norman Aguirre, the captain of the ship; and Argentine Hector Teves, scientific observer of the Convention on the Conservation of Antarctic Marine Living Resources [CCAMLR]. [passage omitted]

Attorney Victor Rios has stated in Port Stanley that "it was not easy to find a quick solution, primarily considering that it is complicated to abide by foreign

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laws." He went to the Falklands with the sole objective of defending Concar's interests.

Chile: New Proposals for Negotiations With Mercosur

PY1403142696 Santiago EL MERCURIO in Spanish 13 Mar 96 p A1

[Report by correspondent Claudio Salinas in Buenos Aires]

[FBIS Translated Excerpt] The Chilean negotiators and those of the four member countries of the Common Market of the South (Mercosur) yesterday exchanged new proposals related to the list of exceptions and deadlines for the reduction of taxes. This took place at the beginning of a new round of technical negotiations, in Buenos Aires, designed to establish a partnership between Chile and the subregional bloc before 31 March.

Chilean representative Carlos Mladinic asserted that proposals made on 12 March reveal the significant effort made by the two parties to be more flexible and bring hopes of reaching a mutually advantageous agreement in the short term.

The proposals made at the negotiating table yesterday refer to the efforts to reduce the list of products that will be exempted from the tax reduction that will be implemented when the agreement is signed and also seek to shorten the period for the gradual reduction of taxes until they are fully eliminated.

Mladinic refrained from giving any details of the proposals exchanged yesterday by the two parties, but asserted that Mercosur's obvious effort to become flexible had prompted the Chilean delegation to adjust its proposal to the new framework suggested by the bloc. [passage omitted]

The new round of technical negotiations started yesterday in the Mirrors Hall of the San Martin Palace, where the Foreign Ministry, International Trade and Worship Ministry is headquartered. The Chilean delegation is headed by Carlos Mladinic, Foreign Ministry director for international economic relations, while Mercosur is represented by Jorge Campbell, Argentine international economic relations secretary. [passage omitted]

Chile: Minister Questions Amnesty International 'Approach'

PY1303200796 Santiago EL MERCURIO in Spanish 8 Mar 96 p C2

[FBIS Translated Text] On 7 March, Chilean Interior Minister Carlos Figueroa lamented the fact that Amnesty International [AI] has issued a report criticizing the human rights bill currently in the Chilean Congress without first allowing the administration to explain its position and its reasons for submitting the bill.

This was the minister's reaction to AI's rejection of President Frei's bill that seeks to clarify the whereabouts of arrested and missing people by establishing regulations that will expedite the courts' access to information.

AI officials currently visiting Chile reaffirmed their objections to the bill, and criticized government officials for refusing to meet with them during the visit.

Minister Figueroa did not try to refute the objections to the bill, but he did voice displeasure about remarks AI officials had uttered against the government.

He explained that it was not proper for three state ministers to meet with two AI officials merely to receive from the latter a report that had already been issued.

Minister Figueroa on 22 February received a letter from the AI regional director for Latin America asking him to meet with the two AI officials.

Figueroa stated that although he respects the work of the AI and has frequently supported it, he feels that writing a report without first hearing what the Chilean state had to say was improper.

Figueroa also complained that the visiting AI officials told Chilean political leaders beforehand that they were going to criticize the human rights bill, but this position was not conveyed in the letter he received.

Asked if he felt the report was irrelevant, the interior minister made it clear that he was merely questioning AI's approach because that organization could have sent to Chile "at least its regional or general director" instead of "two officials and a legal expert from another country to pass judgment on Chilean affairs."

AI representative in Chile Javier Zuniga met with the leadership of the Party for Democracy, and answered the minister's remarks by saying that the report was based on information gleaned from a variety of sources.

In the case of the Figueroa-Otero human rights bill, the AI based its judgment on information gleaned from the text of the draft bill submitted to Congress.

Zuniga explained that the AI has been working on human rights in Chile since 1973, which means the report they have submitted is based on duly proven information.

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Chile: Frei Says No Changes in Administration's Program

PY1403190096 Santiago EL MERCURIO in Spanish 12 Mar 96 pp A1, A12

[FBIS Translated Excerpt] President Eduardo Frei asserted yesterday that now, after two years of his administration, there will be no changes in the program established for his six-year term in office. He said the government will continue its tireless effort to implement its deep-rooted changes in various national sectors.

The chief of state presided over the ceremonies to celebrate the sixth anniversary the Coalition of Parties for Democracy's [CPPD] government and his second anniversary as president of the Republic. He said the priority issues of his administration are the struggle against poverty and the consolidation of growth with equity by investing in education, health, and justice.

In two speeches, the chief of state upheld the achievements reached since 1994 — when he assumed the presidency — and praised the united and coordinated efforts by the CPPD to ensure stability.

Asked about the opposition's criticism of this anniversary, Frei said that the people, through their happiness and hope, refute this criticism. He asserted: "Problems do exist, but the warmth with which the people welcome me shows they support the government."

The second year of Frei's administration prompted certain sectors that do not belong to the CPPD to criticize the president's performance in social development, the struggle against corruption, and efforts to regain Chile's position in the international arena.

However, the issues that the opposition regarded as most negative refer to the progress made in education, health, and justice which are the basis of the administration's policy to overcome poverty.

However, the opposition's opinion of the Frei administration varied. The Independent Democratic Union said there is nothing worth mentioning, while the National Renewal Party admitted that progress has been made in the macro-economic field.

Member parties of the CPPD also criticized and displayed certain skepticism. Members of the Christian Democratic Party, the main governing party, said that, by attempting to improve the living standards of the poorest, the government has to some extent neglected the middle-class.

During a visit yesterday to several Santiago neighborhoods, President Frei said, in La Florida, that the country is aware of the substantive steps forward in all areas and investments have been made in the social programs that directly benefit the neglected sectors. He emphatically stated: "There will be no changes."

However, he also referred to the CPPD activities during the past six years, adding that those who forecast political and economic instability, and unrest by the citizenry were mistaken.

In his speech to a group of leaders of the governing coalition, he appealed to all those involved to work to keep the coalition united and strong, and to overcome internal disputes.

In line with his address to the nation on 12 January, when he asserted that this government would step up the modernization process, the chief of state asserted that the priority issues of education, health, justice, the preservation of the environment, and overcoming poverty would be maintained.

Assessing the two years of his administration, he said that significant efforts have been made to solve the infrastructure deficit by getting the private sector involved and by disbursing public funds to aid the poorest sectors.

He also mentioned the implementation of a reform of the Chilean education system and the large projects in health and housing. He also asserted that new jobs are being created and that the stable economic policy will be maintained, which is positive for internal and external investments.

Frei commented: "It is not by chance that more than 71 percent of the national budget has been invested in social projects."

He reiterated that this year will involve greater efforts. He expressed the desire to place the state at the people's service, enabling it to find concrete solutions to their problems. He added that in addition to a sustainable growth and a solid democracy, equity and solidarity is needed to aid the most neglected sectors. He said: "We will continue to work, we will not rest one single minute, no matter what the sacrifice may be." [passage omitted]

Chile: Adm Martinez Says Navy 'Able To Build Submarines'

PY1303231996 Santiago EL MERCURIO in Spanish 7 Mar 96 p C6

[Article by Pilar Espinosa]

[FBIS Translated Text] Talcahuano — Admiral Jorge Martinez Busch, commander in chief of the Navy, has stated that his institution is today able to build submarines; the only impediment being that it does not

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have the necessary resources to finance a project of that nature.

"We are in a position to build submarines, but the problem, as always, is money and the way to finance it. The institution has the technical capacity to meet requirements. Asmar [Navy Shipyards and Ordnance] can meet the demands proposed by the Navy," he said.

He said that beside this naval capability, there is a local, national, private enterprise capable of meeting the requirements posed by the Navy for retooling and maintaining its war vessels.

Admiral Martinez Busch said: "In refurbishing and modernizing our ships, 60 percent of the spare parts and required elements are made in Chile, purchased in the country, and often designed here."

He added that the remaining 40 percent cannot be acquired here for reasons of market, technology, and other factors. He stressed that national industry has a great impact on the Navy.

The admiral said the Chilean naval industry is at the same level of competence and opening as the country's economy.

He said: "Administrative procedures, the making of decisions, and methods to resolve the best courses of action in projects developed by Asmar are up to date and comply with the most modern concepts of administration of a company or of institutions like Asmar."

The commander in chief of the Navy made these remarks at the end of a ceremony to introduce the book "The First Dry Dock in Talcahuano," written by retired Navy Captain Carlos Martin Fritz, with which Asmar celebrates the 100th anniversary of this project.

The dock was dedicated on 20 February 1896 with the entry of the monitor ship Huascar, which 100 years later and as a historic relic, returned for a commemoration ceremony in an event unprecedented in world navigation history.

Presenting the book, sponsored by Asmar, Admiral Martinez Busch, who is also president of the Chilean Academy of Naval and Maritime History, explained the difficulties the Navy faced in achieving the government decision to build a dry dock to avoid the expenditure of sending vessels to European shipyards for their annual check.

He said the situation today is quite different, recalling that at that time we faced a development process and that people were looking for the best they could find for the regions.

He said: "They are the natural development processes of a country that is growing. Today the situation is quite different because there is more integration, people know more, and the country is aware of the importance of highly developed technology."

He termed the book a clear text, simple and direct, stressing the fact that although it is a technical book, the way it is written makes it pleasant and easy to read.

He stressed the merits of the research by the author and said that to his merit, the institution decided that the Talcahuano Supply Center will now be called "First Paymaster Major Lorenzo M. Paredes," recalling that he was the first Talcahuano Naval Post commissioner, in 1985.

"The history of the construction of the dock shows how Chile was being built, because not everyone agreed with the things that were being done, and it was natural that they did not agree."

He said that during lengthy discussions there were confrontations between "land ideas and those imbued with the maritime visions of those who saw in the sea the best area for development."

Chile: Air Force Commander Refutes Complaints About Safety

PY1303201096 Santiago EL MERCURIO in Spanish 8 Mar 96 p C5

[FBIS Translated Text] General Fernando Rojas Vender, commander in chief of the Chilean Air Force, on 7 March said that Chilean commercial aviation has complied with very strict safety standards from its very inception.

Thus, Gen. Rojas Vender refuted complaints by certain commercial airline pilots and Foreign Minister Jose Miguel Insulza's remarks (later amended) about alleged "irregularities" in Chile's air traffic control system.

Rojas Vender said: "I do not want to hurt anyone's feelings but I must say Chile's air traffic control system is the best in South America. Although it is true that one can always do better where safety is concerned, I am very pleased with what we have and with the professional attitude of those who work at the General Directorate of Civil Aeronautics."

Foreign Minister Insulza told EL MERCURIO that airlines should raise their safety standards instead of lowering prices to compete. Gen. Rojas Vender explained that the minister was not talking specifically about the situation in Chile or the operational status of Chilean airlines.

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Rojas Vender stated: "That is true. The Aeronautics Directorate is very demanding. Many times pilots' unions or the airlines feel pressured but we do our best to carry out our mission which is to serve the airlines as well as those who use their services."

The Air Force commander said Chile carefully complies with all safety measures required by the International Civil Aviation Organization (ICAO), the recommendations of the U.S. Federal Aviation Administration (FAA), and those of the plane manufacturers.

These measures and recommendations include periodic crew and maintenance personnel checks, plane maintenance, and certification.

The ICAO and the FAA survey all airlines before authorizing them to operate in the United States. These surveys include not only commercial airlines but also the entire air traffic control system of the nation to which the airlines belong.

Chile: Sergio Diez Installed as Senate Chairman

PY1403033996 Santiago EL MERCURIO in Spanish 12 Mar 96 p C2

[FBIS Translated Excerpt] Valparaiso — Six years after the establishment of full democracy in Chile, an opposition senator will chair the Senate as of 12 March, for a two-year period. The Senate chairmanship is the second most important post after the presidency of the Republic.

Christian Democratic Party Senator Gabriel Valdes, who chaired the Senate for two years, will hand over the post on 12 March to Renewal Party Senator Sergio Diez Urzua.

The UDI [Independent Democratic Union] and the PS [Socialist Party] shared the vice presidency for six years (the UDI's Beltran Urenda held the post for four years and Ricardo Nunez of the PS served for two years). They will be replaced by UDI Senator Eugenio Cantuarias Larrondo. [passage omitted]

Colombia

Colombia: Protest Note on Gelbard's Statements Presented

PA1403142196 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 14 Mar 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Santa Fe de Bogota — Colombia has presented to the U.S. Government a protest note over the offensive statements of Robert S. Gelbard, assistant secretary for international narcotics and law enforcement affairs, against Justice Minister Carlos Medellin. The note was delivered to the State Department in Washington.

The justice minister had described as ridiculous the aid granted to Colombia by the United States for the struggle against drug trafficking. Gelbard replied by describing the justice minister as ridiculous and he added the minister's surname suits him.

Gelbard's statements also elicited the protests of the city of Medellin, the second city of Colombia that was most affected during the terrorist war launched by the local drug cartel between 1984 and 1993.

Colombia had emphasized that Minister Medellin has personally experienced drug trafficking violence. His father was among 10 magistrates of the Supreme Court of Justice assassinated during the bloody occupation of the Palace of Justice by guerrillas in late 1985. His father-in-law was Guillermo Cano, editor of the newspaper EL ESPECTADOR, who was assassinated by the Medellin cartel 10 years ago.

Relations between Colombia and the United States have become tense since 1 March when President Clinton decided to decertify Colombia's struggle against drug trafficking.

Colombia: Esguerra Rejects U.S. Ambassador's Remarks

PA1503033496 Santa Fe de Bogota EL TIEMPO in Spanish 14 Mar 96

[Received via internet]

[FBIS Translated Text] The U.S. Ambassador has stated: "Sovereignty does not exist and we must think about a common welfare. The idea that each state is sovereign no longer applies."

National Defense Minister Juan Carlos Esguerra Portocarrero said sovereignty is not a revaluated concept and it still has great importance for the Colombian people.

Esguerra thus responded to statements made by U.S. Ambassador to Colombia Myles Frechette on Tuesday, during the conference he gave at the Military School theater, within the development of a program called "Topic: Colombia" [series of meetings being held to discuss the Colombian crisis and suggestions on how to overcome it].

Frechette said this there: "Sovereignty does not exist and we must think about a common welfare. The idea that each state is sovereign and that neighbors can say nothing no longer applies. That is no longer valid."

The minister said that, as far as his knowledge of U.S. law goes, the concept has not been revaluated.

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He added: "In any case, the word sovereignty in Colombian law is a word that has the utmost importance; and the Constitution and the Colombian people have it written in block letters, in granite, and all in capitals," he added.

Likewise, Ambassador Frechette said his government had no evidence that Colombian guerrilla groups produce and export drugs, so there could be no talk about another cartel.

Esguerra answered that Frechette's statement was probabaly due to the fact that the United States "might not have the evidence. We have it, we have studied it, we have analyzed it, and we have shown it to the country."

The minister mentioned documents found by the Army in Caqueta, proving ties between the FARC [Revolutionary Armed Forces of Colombia] and drug traffickers; adding he personally discussed this issue with Frechette and U.S. Government officials in the United States.

During his lecture at "Topic: Colombia" [Frechette] also said his government would have preferred that Jose Santacruz, the Cali cartel's alleged second in command who was killed in a police operation at Medellin, had been sent to trial in the United States rather than be killed because, according to Frechette, the trial was important for democracy.

The ambassador said the United States will insist on the extradition issue because it considers that this is the most important weapon in the struggle against drug trafficking.

He also talked about the certification given to Colombia during President Cesar Gaviria's administration and he said Pablo Escobar Gaviria's death had been an essential factor for granting it.

Frechette complained he has been in the country 19 months and none of the drug trafficking kingpins who are in Colombian prisons have been sentenced despite the evidence provided by U.S. justice officials against 50 of them.

EL TIEMPO yesterday consulted spokesmen of the Office of the Prosecutor General of the Republic on this issue, but the officials opted not to comment until the text of the ambassador's declaration and its scope are known.

Lastly, Minister Esguerra referred to the U.S. Department of State report in the sense that drug crops in Colombia have increased instead of decreased.

The minister said U.S. officials are wrong in their readings of data provided by satellite; adding that satellite photographs do not help establish differences between what has been fumigated and the reemerging vegetation.

Esguerra said there is a contradiction among the U.S. officials, because Ambassador Frechette and other officials certify Colombia is complying with the program for the eradication of illegal crops while others state the opposite in Washington.

"I think they do not have the complete information or there are some officials who have not wanted to see it," Esguerra added.

Colombia: Thousands March in Bogota in Support of Samper

PA1503042196 Mexico City NOTIMEX in Spanish 0134 GMT 15 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 14 Mar (NOTIMEX) — According to local media sources, approximately 10,000 people marched through the main streets of Bogota today, in support of Colombian President Ernesto Samper.

The marchers also rejected the decertification recently issued by the United States against Colombia's counternarcotics struggle; an event described as an interference by Washington in Colombian internal affairs.

This afternoon, people started to march from different points in Bogota and by nightfall they had all converged at the Bolivar Plaza, a few meters from the Narino Palace, seat of the Samper government.

The marchers asked the president to remain in power, despite the fact that several opposition sectors have demanded that he resign after he was charged with having alleged ties to drug traffickers.

Handouts against the United States were also distributed during the march. People shouted slogans demanding that CIA and DEA personnel leave Colombia.

The Colombian prosecutor general has charged Samper with illegal enrichment, document forgery, being an accessory to a crime, and electoral fraud, stemming from an alleged filtering of drug traffickers' money into his 1994 presidential election campaign.

People carried posters asking Samper not to resign and expressing their total support. The marchers shouted slogans against opposition members, whom they accuse of trying to destabilize the country.

The march was attended by members of unions, nongovernment organizations, cooperatives, peasant and informal merchants organizations, which receive help from Samper through the so-called "social jump" program.

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Apecides Albiz, president of the Democratic Workers Confederation, said Colombians want to tell the president that he is not alone in these difficult times. He rejected the opinions of pessimists who do not believe the country will overcome the current crisis.

Samper, who is being investigated by Congress, has denied all the charges and recently said that if illegal money entered his campaign it did so without his knowledge.

Colombia: Columnist on Extra-Constitutional Seizing of Power

PA1303235296 Santa Fe de Bogota EL ESPECTADOR in Spanish 13 Mar 96 p 2A

[Column by Ramiro de la Espriella: "Power Vacuum"]

[FBIS Translated Text] The general feeling here in Colombia is that there is a power vacuum. This is being emphatically stated by economic associations, which have threatened to hold a lockout.

The common people are also experiencing insecurity, unemployment, the high cost of living, and an increase in the tariffs of public services mismanaged by the administrators.

In the capital and, without a doubt, in more than half of the nation, threatening protection notes, protection fees, kidnappings, and daily incursions by armed subversives demonstrate the evident feeling that government power is far away.

The people wonder: Why does he not fall?

No one can decipher this mystery.

The first thing people say, and what is more at hand as some sort of immediate explanation for the situation, is that there is no political leader, no caudillo, capable of leading the masses to the rescue of the country and the seizing of the state's political power.

Everybody is waiting for the savior to arrive.

Perhaps at the bottom of this murky process is rooted the malady we are enduring and the reasons for us not being able to find the most suitable way of overcoming our problems.

To us, the wearing out of power seems to be the result of the people's incredulity. Bad governments ostracized because of their unfulfilled promises and the use of power to attain personal gains have led the country to incredulity, and the country no longer believes in its rulers and has no hope that the ills we endure will be rectified through elections.

As a result of this, Colombians no longer believe in anybody.

If someone would appear at a public square as the avenger of the serious mistakes we have made and were to promote national redemption, very few Colombians would believe him and follow him. The frustrations and the unfulfilled promises have been so many and the corruption nurtured from the people in power has reached such a degree of decomposition that the people have lost all faith in the possibility of self-salvation.

It would be very difficult for Gaitan, if he were reborn to proclaim the need for Colombia's "moral and democratic restoration, to be believed. A phrase of his, "they are the same and have more of the same," could negate any possibility of him being followed.

Public incredulity is what has kept the power vacuum in power.

The permanence of the power vacuum is being justified with the explanation that there is no replacement.

EL ESPECTADOR has proposed a constitutional reform aimed at declaring the period of the president of the country and the president of the Congress over, and that massive participation in elections should be guaranteed by making voting obligatory, even if it is for this sole occasion.

Undoubtedly the political class will not be in favor of this solution and we will be floating in the vacuum.

Since the electoral process is obstructed by the hegemony of influential people, a rectification through votes that are monopolized by influential persons, is not possible either.

Therefore, the country has no other way out than the extraconstitutional route, above constitutional norms, the seizure of power to do from above what has been impossible to do from below.

Our political history has not been free of this procedure. The latest example was the formation of the military junta that replaced General Rojas Pinilla, the convening of a plebiscite in 1957 — which was not contained in our Constitution — and the reforms that followed that led us to the institutionalization of the National Front.

Colombia: Article on Gen Zuniga's Resignation

PA1303231696 Santa Fe de Bogota EL TIEMPO in Spanish 12 Mar 96

[Received via Internet]

[FBIS Translated Text] [President Ernesto] Samper rejects the loyalty of the commander of the Armed Forces and deplores his resignation. "I have only received support from the president and the other officers," [General

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Camilo] Zuniga says. Holdan Delgado: "I have support from the commanders of the forces."

Without spurring any disturbance in the Army's current hierarchy, the true reason behind the sudden visit by the military leaders to the Narino Palace to meet with President Samper three weeks ago, the government has agreed to the honorable discharge of Armed Forces Commander Gen. Camilo Zuniga Chaparro.

Yesterday, Zuniga made his irrevocable decision to leave active service official in an emotional letter addressed to the chief of state. This notification put an end to four months of persistent rumors regarding his resignation.

In light of Zuniga's decision, the Samper administration decided to specifically speed up changes in the Navy echelons by promoting — for the first time in the country's recent history — an admiral as the replacement of an Army general in active service.

The government appointed Admiral Holdan Delgado — the most senior of all current officers — as new commander of the Armed Forces replacing Zuniga. In addition, the government promoted Rear Admiral Roberto Serrano Avila to commander of the Navy. The appointment of Serrano's successor as Inspector General of the Armed Forces is still pending.

"Thus, — a ranking government spokesman explained — the structure of the Armed Forces, which upholds Gen. Harold Bedoya as Army commander along with the current assignment of divisions and brigades, remains unchanged."

The possibility that Gen. Zuniga's resignation would speed up a new reshuffle of the Armed Forces' command structure was, to a great extent, the reason why the commanders of the Army, Gen. Harold Bedoya Pizarro; the Air Force, Major Gen. Hector Hernando Gil Nieto; and the Navy, Admiral Holdan Delgado decided to meet with President Samper to give their full support to the commander of the Armed Forces.

Either because the commanders were not informed in time by Zuniga that he had conveyed his decision to resign to President Samper in February, or because they merely viewed it as the executive's attempt to exert pressure on the military command structure, Bedoya, Gil, and Delgado literally asked that Zuniga stay as commander of the Armed Forces.

In their opinion, that moment was particularly inappropriate for Zuniga's resignation, since precisely by the end of February, the U.S. Government was expected to issue a decision on Colombia's certification or decertification.

"The government cannot enmesh the military in the current political crisis or try to transfer this crisis to the military leadership, and this is the effect that Gen. Zuniga's resignation would have had," a source told EL TIEMPO back then.

The source added that "Zuniga would have been viewed as some sort of 'scapegoat' at a time in which the certification of the government and not of the military was at stake."

Regarding the Army, as was said, Zuniga's resignation was viewed back then as a strategic blunder because of the changes it might generate in light of the appointments made in November 1995 in the commands of the divisions and brigades.

On this occasion, the government confirmed the resignations of Gen. Eddy Alberto Pallares Cotes, head of the Joint Chiefs of Staff, and Gen. Juan Salcedo Lora and Gen. Humberto Correa, Colombian Embassy attaches to Washington, and confirmed the postings of Commander Gen. Camilo Zuniga Chaparro and Gen. Harold Bedoya Pizarro, commanders of the Armed Forces and the Army, respectively. In addition, Ramon Niebles Uscategui and Bedoya were promoted to three-star generals.

Gen. Hector Hernando Gil Nieto and Admiral Holdan Delgado, commanders of the Air Force and the Navy, respectively, as well as Gen. Rosso Jose Serrano and Gen. Luis Enrique Montenegro, director and deputy director of the Police, respectively, remained in their posts.

"When changes are made in the military leadership, it is done to ensure a conscientious work ethic by the officers in their respective area and it is done in such a manner that those who should resign, do so, thus leaving the appropriate number of officers that should stay in the command line. Therefore, any sudden change alters any previous plan," a general told EL TIEMPO.

Without Changes

Once the dilemma of the certification was over and once the rumors of the eventual denial of a U.S. visa for the general had come to an end, Zuniga's resignation takes place within a radically different situation for the ranking military leaders.

In addition, the most serious concern, the Army's reshuffle, has been resolved by the appointment of Delgado. And, even if some officers argue that he has not been at the helm of 150,000 men, but 3,000, Delgado will hold a post that basically demands coordination

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among the forces, while the everyday operational leadership will remain in the hands of the commanders of each force.

In fact, yesterday, the news on the leadership changes did not generate any further controversy.

Defense Minister [Juan Carlos Esguerra] said that "very much against his will," President Ernesto Samper had accepted Zuniga's resignation and denied that there was any reason other than personal reasons for the general's decision.

With regard to Zuniga, he maintained that his decision to resign was only due to his personal goals and expectations "and this is what I told the president since November 1995."

Lastly, Admiral Delgado noted that the appointment flattered him and that he will continue to implement the policies outlined by Gen. Zuniga, because he has the support of the commanders of the forces and that of President Samper himself.

Mr. Ernesto Samper Pizano

President of the Republic of Colombia

Narino Palace

Santa Fe de Bogota

In my position as general of the Republic, the distinguished appointment that I received over more than a year ago, I would like to state my irrevocable decision to resign from the Army's active service, and consequently, from the post of Commander General of the Armed Forces, which I currently hold.

Making this respectful request, I want to thank you, Mr. President, for this outstanding appointment, and your subsequent confirmation of my appointment to continue in this post in November 1995. On that occasion — as you would recall — I told you about my plans to realize some of my goals, which are still pending, including legitimate aspirations in my life. However, you made a request that I should remain in this post, in which I have devoted all my energies to the service of the Armed Forces of Colombia and, hence, to that of my fellow Colombians. I have always received substantial expressions of sincere cooperation from my fellow Colombians to continue to consolidate the objectives that, thus far, have required my attention as a professional of the military services in this command post.

I also want to state my compliance and respect for my military colleagues, as well as the troops and soldiers of the nation themselves, always diligent and zealous in the fulfillment of their assigned missions. These officers, represented by the respective commanders of the different Armed Forces of the Republic: the Army, the Navy, and the Air Force, very recently conveyed to me their undivided and categorical support, which has filled my soul as a Colombian soldier with that joy that can only be experienced when one is able to stir up such a strong expression of unity, affection, and loyalty. I will always treasure this from the bottom of my heart.

What I have told you fills me with heartfelt satisfaction, the result, to a great extent, of being aware that I have put all my determination and will in fulfilling the required duties, always accompanied by the spirit and purpose of doing the right thing for the benefit of the country, its institutions, and its peoples.

In this crucial moment of my life, I should say that my thoughts lie today, more than ever, with the very soul of the Colombian Armed Forces and the Army, renewing — as I do and feel now — the vows of one who will consider himself a part of its existence and a perpetual servant of its inalienable historic legacy.

My highest regards and my earnest prayers are with you for the success of your government.

Yours truly,

General Hernando Camilo Zuniga Chaparro

Commander General of the Armed Forces

Gen.

Hernando Camilo Zuniga Chaparro

Commander General of the Colombian Armed Forces

Dear Gen. Zuniga: Only the compelling personal reasons you have conveyed to me in recent months to justify your resignation as commander of the Colombian Armed Forces have led me today to accept this decision, which I sincerely deplore. You have been able to hold up high the good standing of the Armed Forces under particularly difficult circumstances for the Republic's stability. The Horizon Plan, which you designed and executed to ensure the modernization of the various forces and further commit them in the struggle for public order, constitutes a hallmark on the path to strengthen the task constitutionally assigned to the Colombian public forces. In addition, I should stress the loyal manner in which you always carried yourself as commander general, a principle of the loyalty that, contrary to what some believe, continues to have full validity as a guiding virtue of the activity fulfilled by the Armed Forces in the defense of the Constitution, the established order, and the decisions adopted in a free and democratic manner by the Colombian people to decide their own destiny and government. Your efficiency, loyalty, and

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concept of the praiseworthy exercise of the sovereignty will be recorded in your curriculum vitae for the sake of Colombia and its Armed Forces.

Yours truly,

Ernesto Samper Pizano

President of the Republic

Colombia: Defense Minister on Installation of Radar

PA1503034296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 13 Mar 96

[Report by Sergio Castillo from the "RCN Radio Events" newscast]

[FBIS Translated Text] Defense Minister Juan Carlos Esguerra has met with U.S. Ambassador to Colombia Myles Frechette. He said that a radar will be placed in Vichada for the control of planes involved in drug-trafficking.

The minister said this radar will be installed before June.

Ecuador

Ecuador: Supreme Court President Reacts to U.S. Criticism

PY1403212396 Quito Voz de Los Andes in Spanish 1700 GMT 14 Mar 96

[FBIS Translated Text] Supreme Court President Carlos Solorzano Constantini this morning energetically reacted to interference by the U.S. State Department, which stated that the Ecuadoran Court is corrupt.

Solorzano said one country should never interfere with the court affairs of another country. He called upon President Sixto Duran-Ballen to lodge a protest with the U.S. Government.

[Begin recording] [Solorzano] First, it is terrible that they should make that sort of comment. What makes them believe our system is corrupt if [words indistinct]. Second, why does the United State have to interfere. When did Ecuador ever voice its opinion as to whether or not, for example, they did the right thing by releasing O.J. Simpson? When has Ecuador ever voiced its opinion? When did the Supreme Court give an opinion on this? We respect the government branches of other countries, the domestic policy of other countries. Likewise, we also demand respect.

[Unidentified reporter] [question indistinct]

[Solorzano] No, I do not tolerate it. I do not tolerate domestic interference, less still will I tolerate foreign intervention, no matter what country it may involve.

[Reporter] Should the president of the Republic lodge a protest with the United States then?

[Solorzano] He is responsible for the foreign policy and should make some kind of protest or give some explanation.

[Reporter] Does this mean you are not being pressured by the government?

[Solorzano] You know very well I will not allow anyone to pressure me. While I am president of the Court I will not allow anyone, neither within the country nor from abroad, to pressure me.

[Reporter] [question indistinct] [end recording]

Ecuador: Interpol Chief Terms U.S. Drug Report 'Positive'

PY1503011696 Quito Voz de Los Andes in Spanish 2300 GMT 14 Mar 96

[FBIS Translated Text] Interpol Chief Colonel Abraham Correa has described as positive — for his institution and for the country as a whole — the fair recognition expressed by the U.S. Administration to Ecuador for all the actions within the drug enforcement program.

The Interpol chief said the police, the institutions committed to the antidrug fight, the communications media, and the Ecuadoran people participated actively in this program.

He said the police — especially Interpol — have fulfilled their obligation to carry out actions and operations at the national level to minimize drug trafficking actions. He said Interpol coordinates its actions with similar institutions — especially with the United States — and that this action resulted in the arrest of traffickers in several countries.

Ecuador: Quito Possible Site for Weapons Meeting With Peru

PY1503011196 Quito Voz de Los Andes in Spanish 2300 GMT 14 Mar 96

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco has reported that the Ecuadoran Government has offered the city of Quito to be the site of the first meeting of the binational commission with Peru to discuss the acquisition of weapons.

The first meeting of the commission could be held on 23 April, the foreign minister said. He added that the administration of current Ecuadoran President Sixto Duran-Ballen will work for the peace process with Peru until 10 August 1996, when his term in office ends.

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The Ecuadoran foreign minister has thus denied reports from Peru that the Peruvian Government headed by Alberto Fujimori will handle the territorial conflict issue with Duran-Ballen's successor.

The problem we have is national and has gone through several stages, and we hope to have continuity. Issues which are deeply rooted and of national interest go beyond the tasks of governments and become a state task, Leoro Franco told the press.

Military officers and diplomats from Ecuador and Peru, countries that dispute a piece of territory that has no border markers on their common Amazon border, will participate in the meeting of the binational commission on armaments.

The Peruvian Foreign Ministry's current strategy for the crucial negotiations that will be held with Ecuador apparently seeks to delay the beginning of the negotiations until the political situation in our country becomes clear.

Referring to this, President Sixto Duran-Ballen has said that his intention is not to delay, for any reason whatsoever, the treatment of the territorial issue with Peru, until the end of his term in office on 10 August 1996, when new officials will assume the government.

The governments of Argentina, Brazil, Chile, and the United States seem to have similar intentions, because they have intensified at all levels their friendly negotiations, so that Ecuador and Peru might solve their disagreements and conclude the demarcation of their border. Only then will bilateral peace become a reality.

Local analysts have reported that under the current circumstances of seeking the establishment of negotiations, especially concerning the impossibility of partially implementing the Rio de Janeiro Protocol, we should at least seek an arbitrator's ruling. Ecuador has stressed the impossibility of partially implementing the protocol because there are no border markers that divide the waters of the Zamora and Santiago Rivers, to which the Rio de Janeiro Protocol refers, and to which Braz Diaz de Aguiar did not refer in his 1945 ruling because the inexistence of the division of waters was discovered only years later. Since then, Peru has prevented experts from visiting the zone to report on the geographic situation in the area.

Paraguay

Paraguay: Peasant March Tension Said To Have 'Dissipated'

PY1403032196 Asuncion NOTICIAS in Spanish 13 Mar 96 p 18

[Editorial: "The Peasantry March"]

[FBIS Translated Text] The atmosphere of tension prevailing in our country last week on account of the peasantry march slated for 15 March has been practically dissipated. This is due to the positive initiative displayed both by the organizers of the demonstration and the executive branch, which has brought about a rapprochement between both parties. This may be the starting point for concrete events that will redound to the benefit of the most forsaken sector of Paraguayan society.

A team of government experts is analyzing possible proposals to settle the grievances aired by farm laborers in support of the march organized for 15 March. The team is comprised of experts from the Agrarian Reform Institute, the Agricultural Development Fund, and the Peasant Development Fund, among other government agencies.

Moreover, the leaders of peasant organizations have accepted the head of state's invitation to meet with him on the same day as the march. Therefore, besides marching through the streets of Asuncion to sensitize the peasantry to the situation in which they find themselves, representatives from farm laborers will come to the negotiating table on Friday to share their concerns with the president of the Republic on the basis of the grievances they have already outlined. It has already been said that not all the peasants' demands are admissible, since some of them violate legal norms and others are impracticable due to the economic and financial situation facing Paraguay. This notwithstanding, peasants' grievances taken as a whole do constitute a sensible basis for negotiations.

In addition, Congress is concerned about the plight of peasants. A bill to set up the National Council for Rural Development — which was submitted in September 1995 — will be discussed at a plenary session of the Chamber of Deputies tomorrow. The draft parliamentary bill basically intends that all state-run institutes dealing with rural problems and issues coordinate their policies in order to obtain better results. This will constitute a contribution which may enhance other initiatives.

As can be seen, the peasantry outcry has given rise to positive reactions in the three branches of government. Now everything depends on the parties' negotiating ability and on the rationality of proposals and aspirations. Another very important point to be taken into

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account is the way in which Friday's march unfolds. If the march proceeds in an orderly manner and without violence, the farm laborers will advance another step to conquer the hearts of the public, which — whether one likes it or not — is most important to create a favorable disposition toward peasants' demands. Likewise, it is to be expected that the authorities will keep the promise of watching over the safety of demonstrators and of all those who will not take part in the protest rally.

Let us hope that the march will be an expression of community spirit and a peaceful externalization of the just aspirations of the long-suffering peasantry, who are the main generators of national wealth, but the less-favored ones in what pertains to wealth distribution.

Paraguay: Peasant Leaders Meet Wasmosy, Present Demands

PY1403233496 Asuncion NOTICIAS in Spanish 13 Mar 96 pp 2,3

[FBIS Translated Excerpt] Peasant leaders have been invited to Government House on 15 March, when the peasants will carry out a national march to the capital. They will be able to directly present their demands to President Juan Carlos Wasmosy. The peasants, who initially made 20 demands, reduced them to 10 priority demands. They demand Paraguay's withdrawal from the Mercosur [Common Market of the South] and a retirement pension system for peasants at 55 years of age as long-term objectives.

The national coordinating board of peasant organizations yesterday officially accepted President Carlos Wasmosy's invitation to talk. The leaders of the various peasant organizations will go to Government House on 15 March to directly present their demands to the president. [passage omitted]

The 10 priority demands include the legalization of all the occupied plots of land; a fair price for agricultural products; access to cheap and long-term credit for small producers; the setting of agricultural product prices at levels comparable to consumption products; the approvzi of a law creating agricultural insurance; and the construction and equipping of hospitals with medicines, doctors, and running water for the interior.

National Peasant Federation leader Alberto Areco said: "Our proposal for an agrarian reform is very serious and very important for the peasants. This is why we accepted the president's invitation, to explain and clarify the reason that led us to make the 21 demands."

Areco then explained that they reviewed their initial demands, and that they will talk with the president basically about the 10 points that need an immediate answer from the national authorities.

They expect that the meeting with Wasmosy will yield concrete results for the peasants and that it will not become a mere exchange of complaints by the leaders who always receive many promises from the president that are never realized in reality.

The truth is that for the first time in a peasant demonstration, the president of the Republic has taken the initiative to speak with the peasants and listen to their problems.

The 10 Priority Demands:

— Legalization of all the occupied plots.

— Construction and equipping of hospitals with medicines, doctors, and running water in rural areas.

— Setting of agricultural product prices at levels comparable to consumption products.

— Access to cheap, long-term loans for small producers.

— Approval of Law 280.

— Fair prices for agricultural products.

— Approval of a law creating agricultural insurance.

— Dismantling of the repressive apparatus.

— Amendment of the national Constitution.

— Non-privatization of public companies and services.

Paraguay: Demand To Pull Out of Mercosur 'Suicide'

PY1403233796 Asuncion ULTIMA HORA in Spanish 14 Mar 96 p 4

[FBIS Translated Text] In reply to a question about the peasants' demand for Paraguay to pull out of the Common Market of the South [Mercosur], Foreign Minister Luis Maria Ramirez Boettner said: "To pull out of Mercosur would be tantamount to committing suicide."

The foreign minister explained: "It is essential for Paraguay to belong to Mercosur. We can in no way be all on our own in the face of the globalization of the economy which is taking place the world over and which leads countries to seek integration."

Ramirez Boettner went on to say: We [no quotation marks as published] are negotiating Chile's incorporation into Mercosur and we have already reached an agreement with Bolivia. What could we do if we decided to go it alone? Where would we find markets for

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our products? What means of communications would we use?

The head of Paraguayan diplomacy explained that what our country should do is to try to find, within Mercosur, the most favorable advantages for Paraguay, "such as the ones we have obtained at different meetings, particularly that of Buenos Aires in 1994," he said.

Ramirez Boettner added that it is of utmost importance that Paraguay's situation as a relatively less developed country be acknowledged, something which was accepted by ALADI [Latin American Integration Association].

The foreign minister noted that technology transfer is vital for Paraguay in all its sectors — industry, education, agriculture — as, according to the minister, Paraguayan agriculture is not as competitive as that of its Mercosur partners.

Ramirez Boettner declared: "We can never be competitive if our production yield is, let us say, 40 or 50 metric tons per hectare planted with sugarcane whereas other countries' yield of sugar per hectare is 100 or 110 metric tons."

The minister was of the opinion that "peasants' position is due to a lack of information." He insisted that once technology and education become a reality in rural areas, our agriculture will be competitive within the region.

According to information provided by other Foreign Ministry officials, Paraguay has obtained significant benefits since it joined Mercosur. Among these benefits the official mentioned the considerable increase in Paraguayan exports to the other Mercosur member countries.

Paraguay: Central Bank Fires Financial Crisis Team

PY1303194396 Asuncion ULTIMA HORA in Spanish 28 Feb 96 pp 15-14

[FBIS Translated Text] For some time now, the people have been awaiting a reshuffling of the current Paraguayan Central Bank [BCP] management which is being held responsible for the recent financial crisis. Instead of that, the top members of the BCP Technical Experts Committee, in charge of drawing up the plans to rehabilitate the banks that were having problems, were ordered to submit their resignations on 27 February.

Julio Gonzalez, former Central Bank Treasury auditor, on 27 February decided to tender his resignation as coordinator of the technical committee over the dismissal of Mario Gerpes, an Uruguayan adviser and an expert in private banking.

BCP management had hired Gerpes to help out the technical committee. Central Bank President Hermes Gomez Ginard explained on 28 February that Gerpes' three-month contract had to be rescinded because of "technical" disagreements and the high-cost of his services.

Gonzalez, however, has hinted to ULTIMA HORA that the true reason for Gerpes' dismissal were political considerations and vested interests.

It appears that the disagreements with the BCP management about the sale of the General Bank to the Daher Group, and particularly the disagreements over the purchase of high-risk portfolios from problem-ridden banks, were the "straw that broke the camel's back" leading to the involuntary resignation of the Technical Experts Committee coordinator.

Rumors flying around the BCP indicate that there are strong vested interests involved in the sale of certain banks currently under BCP trusteeship, particularly the General Bank. It is well-known that BCP President Gomez Ginard refuses to accept the offer from the Daher Group disregarding the advice of his technical experts.

Disagreements also flared up concerning the purchase by the Central Bank of high-risk portfolios of problem-ridden banks. While Gonzalez proposed the use of monetary control papers, Ginard wants to borrow $300 million from the World Bank.

Permanent frictions between Julio Gonzalez and the BCP president became public knowledge on 28 February when the latter told a radio station that for some time the technical committee had been creating for him "internal problems."

Ginard also complained about the fluent relationship Gonzalez had with the press, a relationship that has led to disagreeable situations such as journalists finding out about rehabilitation projects before the BCP management.

The ouster of the BCP Technical Experts Committee coordinator jeopardizes the country's entire financial system, particularly because nobody knows what will happen with the rehabilitation projects for banks under BCP trusteeship that the committee was drawing up.

Gonzalez has reported that there are nine companies that still have to be rehabilitated: Busaif Inc.; Mercantil Inc.; and General Bank Inc.; and their subsidiaries. Gonzalez acknowledged that the course for rehabilitating these companies has not been set yet.

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Peru

Peru: Fujimori Rejects Sovereign River Access for Ecuador

PY1203233996 Lima EL COMERCIO in Spanish 11 Mar 96 p A5

[FBIS Translated Text] Trujillo, 10 Mar — Peruvian President Alberto Fujimori rejected here today as illegal the Ecuadoran pretension, included in the list of subsistent impasses, to sovereign access to the Maranon-Amazonas Rivers.

On the eve of the closing of the Andean presidential summit, the Peruvian president said that after the presentation of the so-called "subsistent impasses" between Peru and Ecuador — for the definitive solution of the border conflict — the next step to be taken is that of talks on the "main problems" in Brasilia.

"These main issues will always be treated within the framework of the 1942 Protocol and its supplementary instruments (the Braz Dias de Aguiar Arbitration ruling and Aranha formula)," he said.

Fujimori said that the (1942) Rio de Janeiro Protocol clearly establishes the conditions for Ecuador to have access to the Amazon River, through the free navigation of the tributary rivers, but that it by no means implies Ecuadoran sovereignty.

"These conditions are the same conditions that Brazil or other countries have. With the participation of the guarantor countries, we will deal with the main problems based on the legal instruments. Peru has sufficient foundations," he said.

The Peruvian president said that in clarifying each of the points included in the list of subsistent impasses presented by Ecuador, one must have some patience, a degree of optimism, and some goodwill in order to attain the integration of two countries that speak the same language.

Concerning the Andean presidential summit, President Fujimori said that the Andean Group will be restructured to become an "Andean Community," which will be more effective and have more credibility and influence in the international community.

"For instance, this will help in making contact with the EU or the Pacific Basin. We still have time to recover the lost space," he said optimistically in remarks to a television station.

Peru: Agreement With EU To Control Chemicals, Precursors

PY1203191696 Madrid EFE in Spanish 0057 GMT 11 Mar 96

[FBIS Translated Text] Lima, 10 Mar (EFE) — The Peruvian Government today approved an agreement signed with the EU on the control of chemicals and precursors used for the illegal production of drugs or psychotropic substances.

The agreement, signed on 18 December 1995, was approved through a supreme decree published in the official gazette EL PERUANO today.

In this agreement Peru and the EU voice their common commitment to establish assistance and cooperation mechanisms for a coordinated struggle, with guidelines and actions from an international level, against the use of controlled substances for illegal purposes.

The agreement, according to the supreme decree, will last five years and will be tacitly renewed for equal successive periods of time as the one established originally, if the contrary is not decided.

It adds that the agreement may be modified by a mutual agreement of the two parties.

The document contains articles referring to the supervision of the marketing, suspension of shipments, mutual administrative assistance, exchange of information, and confidentiality.

In the preamble it is stated that Peru and EU are certain that international trade represents a specific risk factor and that it can only be fought through cooperation agreements between the affected regions, by comparing the amounts imported with those exported.

Peru: Discussions on Ecuadoran Border Issue Viewed

PY1403163296 Madrid EFE in Spanish 1809 GMT 13 Mar 96

[FBIS Translated Excerpt] Lima, 13 Mar (EFE) — A Peruvian Foreign Ministry source said today that the Peruvian Government will discuss the border problem with the Ecuadoran officials elected in the general elections to be held in that country in May.

Although the talks on the "subsistent impasses" or pending disagreements will probably be held in the second half of this year, it is expected that the mechanisms and procedures for the negotiations will be decided at the highest diplomatic level before the Ecuadoran elections of 19 May.

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The source said: "Peru and Ecuador already have the necessary information to start the negotiations on the essential issues to be held in Brasilia but first the two countries must define the mechanisms and procedures for the talks."

The mechanisms will help resolve the differences that may emerge during the negotiations after the undeclared war between the two countries that started on 26 January and ended on 28 February 1995.

The source added: "Although Peru wants to establish the procedures as soon as possible, Ecuador will probably postpone it until the successor of President Sixto Duran-Ballen is elected." [passage omitted]

Peru: Prime Minister on Government Privatization Plan

PY1403135596 Lima EL COMERCIO in Spanish 17 Feb 96 p A6

[Interview with Prime Minister Dante Cordova Blanco by correspondent Carmen Anaya Valer; place and date not given]

[FBIS Translated Excerpt] [Anaya] It is said that the privatization plan of Petroperu [State Petroleum Agency] has changed as consequence of your speech to Congress this week.

[Cordova] Definitely not. I told Congress that this does not mean a modification but a ratification. The Cepri [Special Privatization Committee] of Petroperu was created in 1992 when the company's subsidiaries began to be sold. In 1994 then Mines and Energy Minister and Copri [Commission for Promotion of Private Investment] President Daniel Hokama explained in detail the Cepri's whole privatization plan and the general government policy for hydrocarbons and privatizations. Every part of the privatization plan, which I have had the opportunity to reiterate this week, was explained in Congress.

[Anaya] Then perhaps the language changed rather than the contents.

[Cordova] It is the same plan; perhaps it is the way to explain it. We have said that the government guarantees its presence not only in the board of directors but in the association contract. The company statute in which one of the clauses points out the B-kind of shares establish a limit to the majority shareholder. Certain characteristics of the so-called "golden shares" give the government vetoing capability in face of a determined decision.

[Anaya] Does the current transference of license contracts of Petroperu for the two lots imply the transference of the assets and units in the two areas?

[Cordova] If there is any additional infrastructure in the two fields they will also have to be transferred, but they will be evaluated apart.

[Anaya] How long will these contracts last?

[Cordova] There are 10- or 20-year contracts, depending on the field.

[Anaya] Why were the limits on the field bidders eliminated? Such limits prevented them from having in the field more than 50 percent of the production they were in charge of.

[Cordova] No clause was eliminated. I think that the proposal is the same. We have a work line which is to generate competitiveness and anything that will contribute to it is adopted and anything that prevents it is eliminated.

[Anaya] What if a private monopoly is established?

[Cordova] That is precisely what we must avoid, in keeping with our policy.

[Anaya] Then this point is not completely defined.

[Cordova] Any action should respond to our policy of competitiveness.

[Anaya] However, during a Copri meeting that took place on 10 January it was decided that Petroperu would disappear and that the shares that the government would keep would pass to Peru-Petro [manager of license contracts].

[Cordova] Peru-Petro now has other functions.

[Anaya] Is Peru-Petro keeping its current tasks?

[Cordova] Exactly. It will implement the Hydrocarbons Law and the government policy. Petro-Peru is taking on a different role from what it was used to.

[Anaya] What will the tasks of Petro-Peru be after its privatization?

[Cordova] It will be in charge of the shares and the Talara refinery. There are several tasks. After the privatization it will keep control over important matters of oil activity through its presence in the executive board and because it is the owner of the shares.

[Anaya] But it would no longer be in charge of operations because this would be in the private sector.

[Cordova] No, it won't. This is exactly the case. The state collection of taxes from taxpayers is not to operate oil pipelines, oil terminals or warehouses but to build more schools, etc. It should not collect money for spending in risk operations but to invest in social projects. The basic issue in this case is the state role.

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[Anaya] According to the plan of Emilio Zuniga, former president of Petro-Peru, 30 percent of the shares the state will retain would enter the system of the people's participation in one to two years. Is that decision being maintained?

[Cordova] There are no specific plans.

[Anaya] I mention this to keep decades separate...

[Cordova] It is the same plan of 13 years ago and which was available to people and on which many comments were made. Based on the fact that the state keeps shares in different companies such as Telefonica del Peru, there is the possibility for people to buy shares.

[Anaya] This possibility was not completely discarded.

[Cordova] It is always there and is one of the main elements of our government policy. Let's not forget that President Alberto Fujimori in his message on 28 July 1995 said that 400,000 people could own company shares. [passage omitted]

Peru: Camet Announces Second Phase of Economic Reforms

PY1303223096 Lima EL COMERCIO in Spanish 6 Mar 96 p A1

[FBIS Translated Text] Economy and Finance Minister Jorge Camet said today in Arequipa that the government will maintain the fiscal and monetary discipline it has been carrying out so far. He added that the second phase of the economic reforms to perfect the market performance will be implemented soon.

He said the modernization of the state apparatus — through changes in health, decentralization, labor, education, etc., — is an essential component in "this phase of consolidation and enhancing" the government reforms.

Camet asserted that these reforms seek to make more efficient and productive the services supplied by the public administration and, in turn, reduce the excessive cost it represents for the country.

Camet said: "It is not right that in a country with as many needs as ours, 65 percent of the Treasury's available funds per month are used for payrolls. A modern, austere, and efficient state should contribute to increase the national savings level."

In his speech to close the Financial Reforms and Regional Cooperation Meeting held here since 4 March, the economy minister announced the implementation of pilot programs in the decentralization process.

This, he said, will strengthen the municipalities and/or communities with the purpose of gradually transferring the responsibility of supplying social services (education, health, justice, and security) to organized communities following an evaluation and control mechanism that will ensure they have the necessary long-term leadership and administration capacity.

The minister asserted that a schedule must be established "as soon as possible" for the privatization process. He stated that by the end of 1996 the sale of Pescaperu [State Fishmeal and Fish Oil Production Agency] operational units will conclude and the transference of Petroperu [State Petroleum Agency], Centromin [Central Peru Mining Enterprise], and Electroperu [Peruvian State Electric Power Enterprise] units will have started. There will also be promotion plans for Enapu [National Ports Enterprise], Enafer [National Railway Enterprise], and Sedapal [National Potable Water and Sewage Service].

He said that by 1998 the transference of public enterprises to the private sector will have concluded.

Regarding the education sector, Camet said an attempt will be made to improve the quality of the education program to give more people access to this service by making the system more competitive.

As for health, the minister asserted that the reforms seek to improve the health service throughout the country by making the health service for workers more competitive.

Moreover, he said, the IPSS [Peruvian Institute of Social Security] and Health Ministry roles will be reviewed and programs implemented in the health market to allow a greater competitiveness and to encourage employment.

He announced that efforts to make the labor law more flexible and simple will continue to promote the creation of a greater number of jobs and attract more investments to Peru.

Camet said: "Among the measures to be implemented are those to make the existing labor benefits uniform and as well as to promote voluntary mechanisms for participation in company profits by improving productivity."

He said that, according to the possibilities, labor cost overrun will be made uniform and the commercial reform stepped up, eliminating nontariff restrictions and increasing the products with the lowest custom tariffs, with the purpose of attaining a unified tariff.

He asserted that halfway through the process people started voicing their doubts and distrust. "It would be absurd, now the worse moments have been overcome, if Peruvians started to lose confidence in our program and rely only on the necessary inflow of investments and capital for our development."

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Peru: Trade Missions From Colombia Anticipated

96SM0137A Lima ANDINA in Spanish 6 Mar 96

[Received via Internet]

[FBIS Translated Text] Lima—Approximately 15 trade and study missions—sponsored by the Trade Office of the Government of Colombia (Proexport Colombia)—will visit Peru this year for the purpose of establishing joint ventures in the sectors of agro-industry, auto parts, and miscellaneous products.

This information was supplied by the deputy director of that agency, Maria Claudia Garavito, who said three trade missions will arrive in Peru next week to represent industries that manufacture auto parts, cosmetics, children's clothing, and men's footwear. The missions will also hold an exhibition of their products.

"The aim is to enter the Peruvian market with competitive products," she explained, "and instead of displacing a company that is in the same category as the one targeted for investment, the plans call for complementing the efforts of both countries."

In this connection, Proexport Colombia annually promotes the creation of new export units, which are formed by the union of several Colombian entrepreneurs who sell similar or identical products and have a common target market.

Garavito maintained that the best way to begin with these units—which were formed under a basic Export Program valid for a minimum period of three years and from which the missions are derived—is to capture the almost natural markets such as the countries that are Colombia's neighbors.

She said that one of these markets is Peru, "in which Colombian companies are interested in investing not only at the private level but also at the governmental level," and especially in the sugar sector, which is one of the principal sources of Colombia's exports.

Garavito disclosed in this connection that Colombian exports to Peru in 1995 totaled $550 million, 40 or 45 percent of which was for the sale of petroleum and the rest for the sale of sugar, polyvinyl chloride, coal, polypropylene, medicines, printed material, and prefabricated structures, among others.

For its part, Peru exported to Colombia approximately $120 million worth of raw materials, fish meal, zinc, lead, and other items.

Peru: Food Donations From EU Announced

96SM0137B Lima LA REPUBLICA in Spanish 6 Mar 96

[Received via Internet]

[FBIS Translated Text] The European Union [EU] will this year donate food aid to more than 40,000 Peruvian children through the distribution of 2,577 tons of food to four organizations that are dedicated to social welfare work.

The beneficiaries have been viewed as innocent victims of poverty and of the consequent nutritional insecurity. It is estimated that 20 percent of all Peruvian children are living in subhuman conditions.

Under the overall plan for EU aid, 11,500 tons of food will be distributed at the national level in 1996, with special emphasis on programs channeled by government agencies toward poor families of the rural and low-income urban sector.

Aid will also be provided to the populations that have been displaced by the violence and to underprivileged groups in the mountain and forest regions, to whom the EU will also provide producer goods for agricultural production such as seed, agricultural implements, and fertilizers.

The EU commitment was translated into the conclusion of four agreements signed by Della Monica; by the president of the Foundation for the Children of Peru, Keiko Fujimori; and by the president of PRONAA [National Food Assistance Program], Rodolfo Munante.

The agreements were also signed by representatives of the institutions that are the joint executors of food aid programs, and in particular by the director of Inabif [National Family Welfare Institute], Raoul Lama Diaz; the secretary general of Caritas, Mario Rios; and the executive director of Cedro [Information and Education Center for the Prevention of Drug Abuse], Alejandro Vassilaqui.

It was announced that PRONAA will participate in the agreements as a joint executor for logistics. The agreements were signed in the Government Palace.

The food in question consists of wheat flour, dried vegetables, rice, vegetable oil, and powdered milk, which will make it possible to fortify the diet of every one of the children.

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Peru: Camet on Further Belt Tightening

96SM0137C Lima LA REPUBLICA in Spanish 6 Mar 96

[Received via Internet]

[FBIS Translated Text]

Camet Anticipates Greater Fiscal Discipline and More Public Sector Layoffs

Minister of Economy and Finance Jorge Camet has responded directly to the harsh criticism that the economic program has been receiving not only from the opposition but from inside the government itself. He reasserted the need for maintaining the basic features of the program and rejected any attempt to change its course by adopting policies that he called interventionist and protectionist.

He made these vigorous statements yesterday at the closing session of the "Conference on Financial Reforms and Regional Cooperation" that was held in Arequipa. The conference was organized by ALIDE [Latin American Association of Financial Institutions for Development], Cofide [Financial Development Corporation], and the IDB [Inter-American Development Bank] and was attended by many Latin American bankers. Peruvian President Alberto Fujimori and IBD President Enrique Iglesias were present on the opening day of the conference.

"I want to take this opportunity," Camet said, "to share my conviction with respect to the advantages of the basic features of the economic program at a time when—hidden behind the so-called refinements to the program'—an attempt is being made to overturn the policies that have done so much good for our country in order to readopt other policies that in the past plunged it into the worst crisis of its history."

He then recalled that when the Peruvian economic program was subjected to the stern test that the Mexican crisis of late 1994 represented for the Latin American economies, Peru was one of the countries of the region that suffered least from the negative effects of that event during 1995. "It would be absurd," the minister of economy and finance insisted, "if in the light of the fact that our region did surmount the most dangerous moments, we Peruvians ourselves were the ones to generate distrust in our program and limit the flow of investment capital that is necessary for our development."

He Will Continue To Cool Off the Economy

Camet said he realized that the current deficit in the balance of payments could not increase indefinitely without putting at risk the sustained growth of our economies. He accordingly declared that during 1996 this deficit will be reduced significantly because of the slowdown in the growth of the economy and a stronger fiscal discipline. "We must strengthen domestic savings as a basic pillar to guarantee continuous growth," he said. "External equilibrium is in no way achieved through the imposition of controls on trade and capital, but rather—I repeat—by strengthening public and private domestic savings," he said, as if anticipating governmental efforts to "narrow" the trade gap by banning certain imports.

He explained that it is therefore vital to maintain fiscal and monetary discipline and to initiate a second phase of economic reforms that will improve the performance of the market.

Camet anticipated that a growth of 4 percent in the GDP will be recorded this year, basically in response to a readjustment of the expectations of growth in the private sector and, in lesser degree, to the increased austerity in the area of public spending. In this connection, the economy minister said that the model for growth in 1996 will be quite uneven, with very low—and even negative—rates of growth in the first half of the year that will probably be reversed during the second half of the year until the projected rate is achieved. "After three years of high rates of growth," he explained, "it would be irresponsible to put at risk the goal of long-term sustained growth by applying artificially expansive policies that would have an effect solely in the short term." He also rejected voices in the opposition—and in the government itself—that have been calling for more flexibility in the management of the economy.

More Layoffs Are Coming

With respect to this year's goal for inflation, Camet declared that bringing inflation down to 9 percent from 10.2 percent by year's end would require extremely responsible management. He called attention to the fact that reference is no longer being made to the inflation goal of 8 percent initially proposed by the government, in the expectation that it is almost certain not to be met, given the inflation figures for January and February (a cumulative rate of almost 3 percent).

"An essential component," he continued, "of this phase of the consolidation and strengthening of reforms—a phase that we shall undertake shortly—will be the modernization of the government, in an effort to improve the efficiency and productivity of the provision of services by the public administration while also reducing the excessive cost that this represents for the nation. It is intolerable," he said, "that in a country with as many needs as ours, 65 percent of the funds available every

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month in the Treasury is destined for government payrolls." The economy minister was preparing the way for public sector layoffs in the near future, always in the context of the program to reduce public spending primarily for the purpose of meeting foreign commitments (payment on debt).

Camet said that in the education sector, an effort would be made to effect the gradual transfer of the administration of the Government's secondary schools to authorized communities (does this constitute the privatization of education?), while in the public health sector the roles of the IPSS [Peruvian Institute of Social Security] and of the Ministry of Public Health would be redefined in order to facilitate the allocation of public funds to the uninsured low-income sector of the population.

The economy minister emphasized the need to continue to move forward in the privatization program. He said that by the end of 1996 the sale of the production units of Pescaperu [State Fish Meal and Fish Oil Production Agency] will have been concluded and the transfer of Petroperu [State Petroleum Agency], Centromin [Central Peru Mining Enterprise], and Electroperu [Peruvian State Electric Power Enterprise] will have been initiated.

At the Halfway Point

As if calling attention to Minister of Agriculture Absalon Vasquez, Camet went on to explain that in order to reactivate agriculture, it is essential to create the conditions that will attract private investment to that sector and encourage job creation.

"We are, as you can see, at the halfway point," he added, "when one customarily hears voices of doubt and distrust. The basic pillars of the government's program are those that I have described here, and I believe in them firmly. I would be unable to propose a different program." It was obvious that Camet was once again rejecting the pressures from those within the government itself who are urging him to make "refinements" in the economic program.

"We are today faced with a dilemma that has already made its appearance in many countries," he said in conclusion. "We will either succumb to doubt and distrust and return to policies that have already failed in our country, or we will intensify our program with a view to achieving our country's effective modernization and development."

Uruguay

Uruguay: Ministry Rejects U.S. 'Hardening' on Cuban Issue

PY1303154596 Madrid EFE in Spanish 2317 GMT 12 Mar 96

[FBIS Translated Text] Montevideo, 12 Mar (EFE) — With the same terms than those expressed by the Rio Group declaration, the Uruguayan Government, through the Foreign Ministry, rejected today the so-called "Helms-Burton" law with which the United States is hardening the economic blockade on Cuba.

Uruguay, one of the 14 member countries of the Latin American political coordination system, has therefore joined in the "most emphatic" rejection of the law passed in the United States.

As expressed by the Rio Group, Uruguay understands that this law "ignores the basic principle of respect for the sovereignty of the states."

Enforcement of this law is being interpreted as an extraterritorial application [aplicacion extraterritorial] of U.S. domestic law.

Two days ago the Rio Group noted that the application of the "Helms-Burton" law "violates the principles governing regional coexistence and the goal of hemispheric integration."

The regional political coordination system also notes that the law "violates the UN Charter, the OAS Charter, the WTO Charter, and the spirit of friendship and cooperation that should mark the relations among the countries of the Americas."

The "Helms-Burton" law, which was quickly approved by the two U.S. chambers after the downing of two civilian aircraft by two Cuban fighters on 23 February, was signed by President Bill Clinton.

The Cuban action also froze the possibility of Cuba joining the Rio Group as an observer.

Last month Uruguayan Foreign Ministry sources announced that Cuba would become a Rio Group observer after the foreign ministers meeting scheduled for 15 and 16 April in the Bolivian city of Cochabamba.

Uruguay: New Armed Forces Postings Announced

PY1203150096 Montevideo EL OBSERVADOR in Spanish 7 Feb 96 p 8

[FBIS Translated Text] Uruguayan President Julio Maria Sanguinetti and Defense Minister Raul Iturria have jointly announced the following Armed Forces postings:

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General Raul Villar, president, Uruguayan Antactic Institute;

Colonel Raul Saravia, chief, Defense Ministry Military Personnel Department;

Colonel Anibal Salaberry, chief, Defense Ministry Planning and Budget Department;

Colonel Alfonso Chiesa, chief, Defense Ministry Public Relations Office;

Colonel Eduardo Gurgitano, chief of staff, 2d Army Division;

General Luis Pirez, commander, 3d Army Division;

Colonel Mario Clavarino, deputy commander, 3d Army Division;

Colonel Gustavo Ferreira, chief of staff, 3d Army Division;

Major Heriberto Hernandez, aide de camp to commander, 3d Army Division;

Major Daniel Riessig, division chief [title as published], 3d Army Division;

Major Gustavo Molina, deputy commander, 15th Mechanized Infantry Battalion;

Lieutenant Colonel Juan J. Muniz, commander, "Lieutenant Pablo Galarza" 2d Armored Cavalry Regiment;

General Raul A. Villar, director, Military School

Major Antonio V. Cardoso, assistant, Military School director;

Lieutenant Colonel Juan J. Muniz, commander, 2d 105 Artillery Group commander;

Colonel Jorge Gonzalez, chairman, Army Promotions panel;

Air Force Brigadier General Cesar A. Borucki, director, National Directorate of Aeronautical Infrastructure and Civil Aviation;

Air Force Brigadier General Jose P. Malaquin, chief, Military Household of the Presidency;

Air Force Colonel Shandelaio E. Gonzalez, director general, Civil Aviation Directorate;

Air Force Colonel Horacio Sasson, chief of staff, Logistics Air Command;

Air Force Colonel Ariel R. Miguez, director, Air Force Staff and Command School;

Air Force Colonel Ariel R. Miguez, commander in chief, office of the Air Force.

Air Force Colonel Athos Pallas, director, Air Force General Staff secretariat;

Air Force Hernaldo Garcia, commander, 2d Air Brigade;

Air Force Colonel Jose P. Banfi, chief, Air Force Personnel;

Air Force Colonel Oscar E. Lumillo, director, Air Force Maintenance Service;

Air Force Colonel Rafael J. Becerra, chief Planning Office, Air Force General Department for Infrastructure;

Air Force Lieutenant Colonel Carlos E. Pena, airports and air traffic director;

Air Force Colonel Enrique A. Bonelli, director, Air Force Technical School;

Air Force Colonel Ariel Niemann, deputy chief, Policy and Doctrine Department of the Air Force General Staff;

Navy Colonel Jose A. Besenzoni, director, Armed Forces Social Protection Services;

Navy Colonel Jorge E. Mora, commander, Land Security Brigade;

Air Force Colonel Lieutenant Colonel Jorge D. Vicente, director, Air Force Medical Services.

Venezuela

Venezuela: Perry Visit Prompted by Public, 'Secret' Goals

PA1403192796 Caracas EL UNIVERSAL in Spanish 12 Mar 96 p 1-12

[Article by Berenice Gomez Velasquez]

[FBIS Translated Text] From the military point of view, the visit by U.S. Defense Secretary William Perry to Venezuela was prompted by secret and public goals that the Venezuelan military has been working on for months.

According to official reports obtained by EL UNIVERSAL, this all began when Venezuelan Defense Minister Moises Orozco Graterol paid a visit to the United States in 1995 and met with U.S. Defense Secretary William Perry, inviting him to visit Venezuela.

This is Perry's first visit to the country. His visit takes place when relations between the United States and Colombia, which has been favored with armaments, credit, and technical, logistical, and military aid and cooperation, are very fragile.

First of all, we must point out the drug scandal in Colombia that was triggered by the presumed drug cartel

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financing of Ernesto Samper's presidential campaign, as U.S. intelligence organizations reported.

The "decertification" of efforts made by the Colombian Government in the fight against drug trafficking makes it difficult for Colombia to obtain U.S. loans and opens up the possibility of being vetoed in international financial institutions.

The South American countries called "bridges" and producers are participating in "Trebol Verde" [Green Clover] operations, which unite military forces in the fight against drug production, trafficking, and traffickers.

There are guerrillas in various Latin American countries, not in Venezuela. Colombia is a country where the guerrilla and traditional subversion have been associated with producers and drug traffickers for many years.

The association of drug traffickers and guerrillas prompted terrorism and terrorist actions on the border with countries called bridges, such as Venezuela.

The past week, the Colombian press published information with regard to the intentions of "canceling the U.S. visa" of General Camilo Zuniga, commander of the Colombian Armed Forces. This prompted a crisis, which became evident when Zuniga asked to discuss the problem and its consequences with President Ernesto Samper without the participation of Defense Minister Juan Carlos Esguerra, something that has never happened before.

"We would have to reflect on the fact that the most senior member of the Colombian military has no entry visa to the United States when Colombia has received the largest material aid, cooperation, and training in the last five years from Washington."

Venezuela's Situation

The Venezuelan Army is taking part in a war "that does not concern us; it has been imposed on us due to the absence of Colombian military and police forces at the border"; the narco-guerrillas carry out actions in vast areas in Colombia, while the military guards important cities.

Perry visits Venezuela when the economic crisis has limited the [National Armed Forces] FAN budget. The military has adapted to the situation, carrying out projects that were unthinkable in the past, such as self-management and self-financing activities (generating resources of its own), within the four forces.

This has made it possible for the National Guard to upgrade and practice maintaining the fleet composed of 12 U.S. type A patrol ships.

The "Joint Venture," which is being studied, will allow the Air Force the upkeep of its own and foreign planes at its facilities with the aid of Singapore (which upgrades engines of the F-5 prototype).

The upgrading of Pinzhauer and national tanks by the army is part of the maintenance service for its armored equipment.

Regarding the Navy, the work capacity of the Dianca dry docks, Diques y Astilleros, C.A., should be used and maximized. A "joint venture" with an international shipyard will allow it to offer broad or minor maintenance services and upgrade a variety of boats. This would make it the most important shipyard in the Caribbean and the northern part of South America due to its privileged location and trained workers.

To Be Considered As Well

Colombia is a major supplier of drugs to the United States and the developed countries. In Colombia and Venezuela, there are not enough noses snorting cocaine or veins being injected with heroin.

The Venezuelan military bears this in mind, taking into account that their fight along the Venezuelan border mostly benefits the United States by keeping drugs away from their youths.

The Venezuelan FAN earmarks enormous amounts of money from its deficit-ridden budget for this task without support from the United States, where most of the drugs grown in Peru and Bolivia, processed in Colombia, and smuggled via Colombia and Venezuela are destined.

"The FMS (Foreign Military Supplier) is the U.S.'s favorite way to cooperate economically with the FAN's of these countries." For example, if Venezuela needs a weapons system, it puts in a request, the Department of State approves the sale and receives a check made out to the U.S. Treasury for the total amount of the sale. The State Department later delivers the weapons system in parts, "because this method guarantees them that there will be no corruption, but knowing well that it will cost us more. It becomes more expensive for us to buy this way than by direct purchase."

The New Enemy and the New Role

The United States, resolute in maintaining its supremacy, as always, in the world — something the Venezuelan military takes into account as well — introduced the signatories of NATO and TIAR [Inter-American Reciprocal Assistance Treaty] to arming, training, and actively participating with it, even making them technologically dependent, to fight against its nineteenth-century foe: The communists.

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The communist threat is somewhat of a joke now. The communists were wiped out. When that threat ended, the United States declared war on another enemy: Drugs, in relation to the countries dependent on them.

"In the past, they drove us to be marines, military pilots, gunners, and other specialties associated with armed forces that are well-equipped, uniformed, organized, armed mostly with U.S. weapons systems, and trained in their likeness and image."

"They now want us to become policemen with nightsticks and patrol cars to deter the production and trafficking of drugs in our countries and the consumption of drugs on the streets, avenues, schools, ghettos, skyscrapers, and community centers of U.S. cities."

The Venezuelan military have affirmed that "just as our Latin American peers know their roles; we know ours."

Venezuela: Perry's Visit Raises Expectations for U.S. Aid

PA1503044696 Caracas EL NACIONAL in Spanish 14 Mar 96 p A-2

[Report by Gioconda Soto]

[FBIS Translated Text] Yesterday, U.S. Defense Secretary William Perry began an official three-day visit to Venezuela on his third and final stop of a Latin American tour which also included Panama and Chile. The tour's purpose is to reinforce the hemispheric security policy initiated by Washington, a policy based on the counternarcotics struggle.

Perry landed at the Maiquetia International Airport yesterday at 1645 aboard a U.S. Air Force Boeing-747. He was accompanied by 30 people, the most prominent of whom were Maria Fernandez, adviser for Latin American Affairs, and John Dawson of the State Department's Andean Affairs Directorate.

Perry was received by his Venezuelan counterpart, Moises Orozco Graterol, in a very short ceremony including only military honors. After shaking hands with U.S. Ambassador to Venezuela Jeffrey Davidow and staying a few minutes in the airport's protocol room, Perry was whisked off to Caracas.

Perry's visit has raised great expectations in Venezuela. It is believed that his presence in Caracas could ensure the technical cooperation that Washington offered to Venezuela, which includes 20 helicopters to fight drug trafficking, one of the biggest scourges at the Colombian-Venezuelan border.

In addition, unofficial sources said that also on this occasion Caracas could ask Washington for aid to buy two F-16 planes.

Less than a month ago, Ambassador Davidow and Deputy Foreign Minister Milos Alcalay signed "reversal letters" that contemplated a U.S. military donation to Venezuela.

Perry's visit to Panama, Chile, and Venezuela takes place one month after U.S. State Department Secretary Warren Christopher visited other locations in the subcontinent.

According to analysts, Perry's strategic stops on this tour are a decisive step in the new police work of fighting drugs that Washington seeks to assign to armies here in South America.

Agenda

At 0700 today, Perry will have breakfast with a group of parliamentarians at the U.S. Embassy. Later, he will place a wreath on Liberator Simon Bolivar's tomb at the National Pantheon.

Late in the morning, he will go to the Miraflores Palace to meet with President Rafael Caldera and hold a press conference. At noon, he will be at the Yellow Building to attend a lunch hosted by Foreign Minister Miguel Angel Burelli Rivas.

In the afternoon, he will hold a working meeting with Minister Orozco Graterol and then give a lecture at Fort Tiuna.

Tomorrow, Perry will travel to Canaima and see Salto Angel on the way. He then will return to Maiquetia and depart for Washington at 1300.

Venezuela: Authorities Optimistic About Perry's Visit

PA1503040096 Caracas Venezolana de Television Network in Spanish 0200 GMT 15 Mar 96

[Report by Zulay Rosas from "The News" Newscast]

[FBIS Translated Text] Venezuelan authorities anticipate that major agreements related to the struggle against drug trafficking will be signed during U.S. Secretary of Defense William Perry's visit to Venezuela.

U.S. Defense Secretary William Perry stressed that since the beginning of the year he has met three times with Venezuelan Defense Minister Moises Orozco Graterol, which is an indication of the importance of the relations between Venezuela and the United States on security matters.

Likewise, he highlighted the tradition of the Venezuelan Armed Forces which has always supported the democratic system.

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[Begin recording] [U.S. Secretary of Defense William Perry in English, with simultaneous translation into Spanish] The Venezuelan Armed Forces have a long-standing tradition of support for democracy and nothing leads us to believe that this should change in the future. [end recording]

Prior to his meeting with the press, U.S. Secretary of Defense Perry met with President of the Republic Rafael Caldera in an interview which he described as positive.

Issues discussed during the meeting included drug trafficking, and the military assistance the United States will provide Venezuela in the counternarcotics struggle.

This Friday, the U.S. secretary of defense is scheduled to visit the Angel waterfall, and in the afternoon he will depart ending his Latin American tour that included visits to Panama, Chile and Venezuela.

Venezuela: Government Spokesman Announces New Ministers

PA1403185896 Caracas Venezolana de Television Network in Spanish 1757 GMT 14 Mar 96

[Report from Miraflores Palace by unidentified reporter — live]

[FBIS Translated Excerpt] [Reporter] Central Information Office Director Fernando Egana will announce the new cabinet appointments. [passage omitted]

[Egana] Following are the president of the republic's announced ministerial changes:

Dr. Guillermo Andueza, interior minister; Freddy Rojas Parra, development minister; Enrique Meyer, justice minister; Carlos Altimari Gasperi, family minister; Asdrubal Aguiar, minister of the Secretariat of the Presidency; Teodoro Petkoff, minister of coordination and planning, Cordiplan; Simon Garcia, minister in charge of relations with Congress; Abdon Vivas Teran, governor of the Federal District.

President Caldera received the resignation of Transportation and Communications Minister Ciro Zaa, and he appointed Antonio Corrales, who is the ministry's director general, as the acting minister. [passage omitted]

[Reporter] The ministers who were not named were ratified. Among them are Education Minister Antonio Luis Cardenas, Finance Minister Luis Raul Matos Azocar, and Foreign Minister Miguel Angel Burelli Rivas.

Venezuela: UK Urges Venezuela End Exchange Controls

PA1203143696 Paris AFP in Spanish 0219 GMT 12 Mar 96

[FBIS Translated Text] Caracas, 11 Mar (AFP) — The British Government has conveyed to Venezuela its concern over the effects that the exchange control, in force since June 1994, will have on bilateral trade, visiting British Energy Minister Lord Fraser de Carmyllie [name and title as received] told AFP on Monday.

"We have told the Venezuelan Government of our interest in maintaining commercial exchange on an open basis, without controls that pose problems for a long-term relationship," the minister stated.

He noted, however, that his government sees signs of an opening in the Venezuelan economy for the sake of freeing commercial exchange, such as today's signing of a bilateral agreement to prevent double taxation on income and capital earnings. Commercial exchange between the two countries from January to November of 1995 was equivalent of $208 million, with a slight surplus in favor of Venezuela.

Some items of importance to the United Kingdom, such as whiskey exports to Venezuela, equivalent to $459 million in 1994, have dropped considerably since then, to the point that Venezuela has been displaced as its biggest customer in Latin America and its 12th customer in the world.

French Guiana

French Guiana: Ariane Rocket Launches Intelsat-707

PA1403145096 Paris AFP in Spanish 0955 GMT 14 Mar 96

[FBIS Translated Text] Kourou, French Guiana, 14 Mar (AFP) — Following two successive postponements, European Ariane's 84th rocket put into orbit on Thursday morning the Intelsat-707 telecommunications satellite belonging to the International Telecommunications Satellite Organization (Intelsat).

The European rocket that took off at 0411 (0711 GMT) from the Guiana Space Center released its payload 20 minutes after reaching the programmed orbit of 86,000 km apogee.

Initially scheduled for 2 March, the launching had to be canceled because of anomalies detected in the separation of the first and second stages of the rocket; it was rescheduled for 6 March. The experts decided to postpone it again when they detected a problem in a batch of screws used in the main structure of the rocket.

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After deployment of its solar panels, which should take place about three hours following lift-off, on Friday the satellite will conduct the first maneuvers that will take it to its geostationary orbit over the Atlantic Ocean above Brazil's eastern coasts. From that position it will provide telephone, video transmission, and television program transmission services to the Americas, Europe, and Asia. Intelsat-707 is the 11th of the 17 satellites Intelsat has entrusted to the European rocket company.

Manufactured by U.S. company Loral Space Systems in Palo Alto, California, the Intelsat-707, weighing 4,175 kg at lift-off, is the seventh of the VII series and the second of the VII-A version. Its 26 C-band transponders and 14 k-band transponders will guarantee transmission capacity of 22,500 telephone circuits and three television networks, as well as 112,500 telephone circuits with the use of its numeric multiplication system.

Part of the services of this satellite should have been provided by Intelsat-708, which was destroyed when the Chinese rocket carrying it, the Long March 3B, exploded on 15 February.

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